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A CHINESE WEEKLY OF
NEWS AND VIEWS

China's Ten Major Achievements

Joint Declaration on the Question of Hong Kong

PRC 35th Anniversary Special



Peasants in China Today



He Huaiqin harvested 65,000 kilogrammes of wheat this summer on 10.8 hectares of land contracted from his brigade in Henan Province. His net income was more than 20,000 yuan.

SPOTLIGHT

Construction team members in Yichuan County, Henan Province, used profits to purchase motorcycles.



Peasants of Xiaotian Village Zouping County, Shandong Province, constructed a school at their own expense for their children.



Investing their own funds, peasants of Yiniubao township built an airport.

Dong Zuochen, a household specialized in fishing and oxenraising in Inner Mongolia, erected a new house this year.



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Vol. 27, No. 40 October 1, 1984

CONTENTS

NOTES FROM THE EDITORS	4
A Red Letter Day for China	
LETTERS	5
EVENTS & TRENDS	6-10
Joint Declaration on Hongkong Initialled	
Relations Satisfy Tanzanian Leader	
Wu Meets With Gromyko in US	
Sudan Congress Delegation Visits	
Sino-Indian Talks Enter Fifth Round	
NPC Committee Passes Legislation	
Elections Held for Local Con- gresses	
Dalai Lama Asks to Send Depu- ties	
Interior Industry Develops Rapidly	
Less Construction Set for 1986-90	
Historical China Reconstructed	
Heilongjiang to Boost Soviet Trade	
INTERNATIONAL	11-13
Gulf Region: Battles Won't Settle Iran-Iraq War	
Viet Nam: Playing the Same Old Trick Again	
Israel: Impact of New Cabinet Unknown	
A Great Event of Historic Signif- icance	14
Major Economic and Social Achievements (I)	16
Li Ruihuan — Tianjin's Mayor Is a Builder	21
Changes on the Banks of the Haihe River	26
DOCUMENTS	
Sino-British Joint Declaration on the Question of Hong Kong (see centrefold pages)	
CULTURE & SCIENCE	29-30
COVER: A scene from "Morning Song of the Motherland," the prelude in the grand dance and music epic "Song of the Chinese Revolution." Photo by Chen Heyi	

HIGHLIGHTS OF THE WEEK

A Red-Letter Day for China

Beijing Review's political editor gives an overview of China's progress and problems. He stresses that socialist construction has generated material and spiritual wealth unimaginable in the past, yet another 35 years or even longer will be needed to achieve the grand design of turning China into a truly advanced and prosperous country (p. 4).

Economic and Social Achievements Since 1949

The first instalment of a description of the ten major economic and social achievements over the past three and a half decades which have turned China from a backward, poverty-stricken agricultural country into a socialist nation enjoying the beginnings of affluence and strength (p. 16).

China and Britain Reach Agreement Over Hongkong

After friendly negotiations China and Britain signed a joint declaration on the question of Hongkong on September 26 (p. 6).

This issue carries the translation of a *Renmin Ribao* editorial on this historic event (p. 14) and the full text of the official document (centrefold).

Mayor of Tianjin Profiled

Raised in a peasant family and trained as a carpenter, Li Ruihuan has become one of the principal builders of the new Tianjin since becoming mayor in 1982. By tackling and completing quickly construction projects that have improved life for the residents, he has won the confidence of the local people (p. 21).

Song and Dance Epic Recounts History

The major events of Chinese revolutionary history and socialist construction are featured in the new epic stage production *Song of the Chinese Revolution*. With a cast and supporting crew of 1,000, including prize winning performers at international competitions, the show includes the songs and dances of China's 56 nationalities (p. 29).

A Red-Letter Day for China

by AN ZHIGUO

Political Editor

For the Chinese people, October 1 has long been a day to remember, a day to celebrate. The founding of the People's Republic on this day 35 years ago ended a century of foreign aggression and domination which kept the country in turmoil and war and brought its people immense suffering and humiliation, a century when domestic feudal oppression and backwardness were the order of the day.

October 1, 1949 also marked the beginning of the socialist revolution, in which man's exploitation of man was to be abolished and socialist construction would generate material and spiritual wealth unimaginable to our forefathers.

This year, the Chinese people are celebrating with special jubilation. The new Long March of socialist modernization begun five years ago, the accompanying new policies formulated at the 1978 Third Plenum of the 11th Central Committee of the Chinese Communist Party (CPC) and the reforms which have followed and are still going strong — all these have been fruitful.

Among the recent advances:

- The CPC, which is the vanguard of the Chinese people in the new Long March, is being greatly invigorated by the ongoing rectification started last year. It has improved its style of work and enjoys increased prestige among the Chinese people.

- Following the streamlining of the government, more and more young competent people have taken up leading posts to ensure that the present set of policies and political stability will continue for years to come.

- The adoption of the new 1982 Constitution and the large body of new laws and statutes has strengthened the rule of law and laid the basis for a developed socialist political democracy.

- The stress on spiritual civilization has assured the country of high moral standards and public order. The country continues to have one of the world's lowest crime rates.

- A diversified economy and the implementation of the responsibility system have brought the countryside a surprising economic vitality and the first wave of prosperity. China's farmers, cultivating 7 per cent of the world's arable land, are producing one-fourth of the world's total grain and feeding 1,000 million people — about a quarter of the world's population.

- Rural successes have given a great impetus to urban reforms. Separating government administration from business, delegating more power to enterprises, doing away with "eating from the same big pot" — these are some of the principles being followed in the current reform, which covers not only industry, commerce and the service trades, but reaches far into China's basic systems such as employment and wages.

- China has developed an independent and fairly complete in-

dustrial base and integrated economy capable of making its own supersonic aircraft, satellites and sophisticated computers.

- Living standards have visibly improved. People are eating and dressing much better. Savings are soaring in personal accounts at urban and rural bank branches. The housing construction boom continues unabated.

- The arts and sciences have been revived and are beginning to flourish. Educational, medical and health facilities have grown tremendously. Life expectancy has nearly doubled from 35 before 1949 to 68 in 1983. China's successes at the recent Los Angeles Olympics, plus the fact that about 300 million people participate regularly in sports, have shed China for ever its humiliating nickname "the sick man of Asia."

The Sino-British joint declaration on the question of Hongkong was initialled in Beijing last week after two years of negotiations. The resolution of this baffling problem left over from the past marks an important step towards China's goal of national reunification. There is every reason to believe that the formula of "one country with two systems" will have a significant bearing on the eventual coming together of the mainland and Taiwan.

China stands for peace and development. As a socialist state and a country which needs a peaceful international environment, China upholds the Five Principles of Peaceful Coexistence and is against hegemonism in in-

Anniversary Congratulations

Sincere congratulations to China and its people on the occasion of the 35th anniversary of the founding of the People's Republic. The present situation must surely be a source of great pride and happiness for all the Chinese people.

Your weekly vividly covers the trends of an increasingly modern China, already possessed of the highest level of culture and civilization in the world. Whether your articles deal with China's astonishing rate of industrial and agricultural development or a succinct report on this or that international situation, the irrefutable proof is there for all—that your system is the most advanced that mankind has ever seen. One can only try to imagine this superb society of yours, based on correct policies which, however complex, seem always to proceed from the fundamental interests of China and the world people—one can only imagine with great excitement the China of the year 2000!

S. Payne
London, Britain

Congratulations on your forthcoming 35th anniversary. Since first subscribing to *Beijing Review*, I have seen an enormous advance in the quality of the writing, and in the contents.

I particularly enjoyed the article by Rewi Alley, "What China Was and Is" (issue No. 37). In many ways China is now in the forefront of social development. A photographic and textual comparison of old and new China would sell well in other countries.

A. A. Hampton
Hants, Britain

21st Century Belongs to China

I take it for granted that Hongkong will come under the sovereignty of China after 1997, and it is a blessing that Hongkong's residents will enjoy the full right to administer their own affairs.

I entirely agree that the 21st century belongs to China. All people of insight agree on this. I hope the Chinese people will realize their responsibility and strengthen their endeavours.

We'll make it clear to the United States and the Soviet Union that world peace must be maintained, and the world will eventually become an earthly paradise for mankind.

Masao Nishimura
Ashikaga, Japan

Aiding Minorities

I very much enjoy reading your many interesting articles on the minority peoples of China. It was very interesting to read how the Chinese Government has actually aided many of these minority groups in developing their own written language, thus allowing for the growth and development of a written literature where formerly there was none. And it was also interesting to see how the government has actually encouraged the cultivation of the often colourful and unique cultures of these non-Han minority groups. Such activities can only enhance in the world the image of a China concerned with the development of all minority cultures.

Other multi-national countries could well learn from the Chinese example how they should fairly and justly treat their own national minorities.

Paul Mcillaree
New York, USA

ternational relations. It calls for unity among third world countries, which are suffering from the antiquated and unequal economic world order. In recent years, this principled stand has won increasing international support.

There are many more conclusions to be drawn on this red-letter day, but the basic point to remember is that there are no ready-made "models" for China's socialist construction. China has to proceed from its own realities and find its own way ahead. As a populous and once backward country, we have to persevere. The 35 years which have gone by are only a beginning. Another 35 years or even longer will be needed to achieve the grand design of turning China into a truly prosperous and advanced country.

The achievements made since the founding of the People's Republic in 1949 have indeed been impressive. However, there have been twists and turns and even serious setbacks. There are many weak links in the chain of our work which must be strengthened. Compared with the developed nations, China still lags in its economy, science and technology, and living standards need to be further improved. As we push on with our reforms, there will be growing pains and new problems. Despite all this, we are confident—because of the advances we have already made—that the Chinese people, guided by the Marxist line of "seeking truth from facts," will score even greater victories in the next three and a half decades.

Joint Declaration on Hongkong Initialled

Chinese and British negotiators last week initiated a joint declaration on the return of Hongkong to Chinese sovereignty, bringing the two-year-long talks on Hongkong's future to a successful conclusion. The initialling ceremony was held Sept. 26 in Beijing.

The document — the Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hongkong — will go through legal procedures in both countries and be formally signed before the end of this year in Beijing.

The declaration says that the Chinese Government has decided to resume the exercise of sovereignty over Hongkong with effect from July 1, 1997, and the British Government will restore Hongkong to China on the same day. The Chinese Government also specifies

its basic policies regarding Hongkong in the declaration.

The agreement was initialled by Zhou Nan, Chairman of the Chinese Government Delegation and Vice-Foreign Minister, and Richard Evans, Chairman of the British Government Delegation and British Ambassador to China, at a 10:00 ceremony in the Great Hall of the People — the seat of China's National People's Congress.

Chinese officials attending the ceremony included Ji Pengfei, State Councillor and Director of the Hongkong and Macao Affairs Office under the State Council, and Yao Guang, Vice-Foreign Minister and former Chairman of the Chinese Government Delegation.

After they initialled the declaration and its annexes, Zhou Nan and Ambassador Evans shook hands as they beamed wide smiles.

Chief negotiators Richard Evans and Zhou Nan initial the joint Hongkong declaration.



indicating their satisfaction with the result of their work.

The agreement, said Zhou at the ceremony, "has satisfactorily solved the question of sovereignty over Hongkong. According to the concept of 'one country, two systems,' it also provides an effective guarantee for Hongkong's stability and prosperity in the future."

He said he believes the settlement of the Hongkong issue will certainly help develop existing Sino-British friendly ties on a new basis, and offers fresh experience for peacefully settling problems between states left over from the past. He expressed hope that the two sides will continue to work to ensure a smooth implementation of the agreement in a spirit of friendship and understanding.

In his speech, Ambassador Evans described the joint declaration as a "practical embodiment of the imaginative concept of 'one country, two systems.'"

"It also demonstrates that peaceful negotiation is the best way to resolve problems left over from history," the British ambassador said.

Both Zhou Nan and Ambassador Evans paid tribute to each other's delegation members for their dedication to the negotiations in a spirit of friendship, co-operation and mutual understanding.

At noon that day, Ji Pengfei gave a banquet for the British and Chinese government delegations to mark the initialling of the joint declaration.

(For the full text of the joint declaration, see centrefold pages.)

Relations Satisfy Tanzanian Leader

Sino-Tanzanian friendship, "backed by very important co-operation in the economic and technical fields," has remained on the right track despite the vicissitudes of the present-day world, says Tanzanian Prime Minister Salim A. Salim.

Salim, visiting China September 17-24 at Premier Zhao Ziyang's invitation, said he had "a proud feeling" on his first visit abroad since taking office in April, when the former prime minister died in a car crash. He met with President Li Xiannian and other top leaders and exchanged views with them on international situation and the situation in Africa.

Meeting with Zhao, Salim, formerly the Tanzanian ambassador to China in the late 1960s, expressed his satisfaction with the two countries' relations. Zhao said China is willing to work together with the Tanzanian Government and people for closer ties.

Tanzania and China established diplomatic relations in April 1964, with leaders of both countries ex-

Tanzanian Prime Minister Salim A. Salim, in the company of Premier Zhao Ziyang, is welcomed by Beijing citizens.

changing visits later on. Since then there has been political, economic and technical co-operation. The 1,860-kilometre Tanzania-Zambia Railway, built with Chinese aid, went into operation in October 1975. A Tanzanian source revealed that the railway made a profit of over US\$6 million in the fiscal year 1983-84.

The Tanzanian Government stood by China when China was arbitrarily shut out from the United Nations and exerted efforts to urge some African countries to establish diplomatic relations with China.

Before leaving Beijing, Salim signed an agreement on a commodity loan extended by the Chinese Government to his government. Speaking at an earlier press conference, he said, "I am gratified with China's assurance of support to our efforts in developing our country."

Wu Meets With Gromyko in US

Foreign Minister Wu Xueqian has held talks with his Soviet counterpart Andrei Gromyko in

New York, the first time Chinese and Soviet foreign ministers have met since 1959.

Wu and Gromyko exchanged views on important issues regarding international relations as well as on Sino-Soviet relations for six hours on Sept. 21 and 22. Both expressed their desire to improve relations between the two countries.

Sudan Congress Delegation Visits

Chinese President Li Xiannian told a Sudan leader that China appreciates and supports Sudan's efforts to safeguard the security of the crucial Red Sea maritime shipping lanes.

Li met Sept. 18 with Izzedin El Sayed, Speaker of the Sudanese National People's Assembly, during his 10-day visit to China.

Sayed noted that Sudan has called on all Red Sea nations to hold consultations with the goal of eliminating international conflicts and making the sea a neutral and peaceful region for vessels of all countries.

Sayed and his delegation arrived in Beijing Sept. 8 at the invitation of the NPC Standing Committee. President Li and Premier Zhao Ziyang both met the delegation.

This year is the 25th anniversary of the establishment of diplomatic relations between China and Sudan. Sayed said, "The friendly relations between the two countries have developed to a mature stage." Both sides expressed hope that friendship between the two countries will grow even more.

Sino-Indian Talks Enter Fifth Round

Vice Premier Wan Li has said the fifth round of Sino-Indian border talks progressed quite well



and agreement on several issues has been reached. "It does not matter that there are still some differences existing between the two countries," he said, adding that they could be resolved later.

Before agreement is reached on the boundary issue, Wan said, China and India should continue to maintain peace and tranquility along the boundary, and strengthen and develop economic, technological and cultural co-operation.

Wan was meeting on Sept. 22 with the Indian delegation visiting Beijing for the talks, led by Secretary of the External Affairs Ministry K. Natwar Singh. Wan said the historical boundary problem can be settled gradually through friendly consultations on the basis of mutual understanding and accommodation.

Singh, whose delegation arrived on September 16, said he held the same views and feelings towards Sino-Indian relations. "India also attaches importance to developing relations with China" he added.

"With passing time, we hope the two countries will settle eventually their differences on the boundary problem," Singh said. "We wish to see substantial discussions between the two countries."

During the round of talks that took place Sept. 17-22, Singh and Gong Dafei, the head of the Chinese negotiating team, reviewed and expressed satisfaction with the developments made in cultural, scientific and personnel exchanges as well as relations in other fields since the fourth round of talks last year. Both parties said they believed that the Sino-Indian trade agreement signed last August has significantly aided the development of economic and trade relations.

Gong stressed that developing friendly relations with India is the Chinese Government's firm policy

goal. "Broad prospects lie ahead for Sino-Indian co-operation in both bilateral relations and international issues."

The next round of talks between Chinese and Indian officials will be held in New Delhi.

NPC Committee Passes Legislation

A forestry law and a law concerning pharmaceutical control have been approved at the seventh meeting of the Standing Committee of the Sixth People's National Congress, held in Beijing from September 11-20.

China's decisions to enter the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological and Toxin Weapons and to approve the Consul Treaty between China and Poland were also adopted at the meeting.

Upon nomination by Premier Zhao Ziyang, the Standing Committee appointed Song Jian as Minister in charge of the State Science and Technology Commission and Lu Dong as Minister in charge of the State Economic Commission.

Elections Held for Local Congresses

The direct elections of deputies to China's county and township people's congresses, which are held every three years, are well under way across the country.

According to official figures, 2,241 out of 2,780 county-level units (including cities not divided into districts and municipal districts) have completed their elections of deputies to the county (city, district) and township (town) people's congresses. At the

township level, direct elections, carried out with the aim of separating local government administration and commune management, have resulted in new governments in many areas.

Voting from a larger number of candidates was adopted in various localities. Candidates were nominated after democratic consultations and repeated deliberations. But sometimes things still happened unexpectedly. For instance, in an election at a textile mill in Gaoyang County, Hebei Province, a worker who was not a candidate was chosen deputy to the county people's congress. The people's congress in Yueyang County, Hunan Province, elected an assistant agronomist who had not been listed as a candidate as deputy county head.

According to statistics from where elections have been completed, the average age of the new deputies has dropped compared with the average age of those previously elected, while their educational level has gone up considerably. Peasants from the specialized households make up a certain proportion of deputies. In regions where minorities people live in compact community or where different nationalities reside, each minority has elected a proportionate number of deputies.

Dalai Lama Asks To Send Deputies

The Chinese central authorities have agreed to let the Dalai Lama, who left Tibet for India in 1959, send three representatives to Beijing, according to a spokesman for the State Nationalities Affairs Commission.

The spokesman, Ren Ying, said the Dalai Lama has requested permission on several occasions since early this year to send three rep-

representatives to Beijing to contact the central authorities, report on their conditions and make preparations for his return to China for a visit in 1985. His request was accepted.

The representatives will be received by officials of departments concerned designated by the central authorities, but their arrival date has not yet been fixed.

Interior Industry Develops Rapidly

In the early 1950s, the ratio between China's coastal and inland industries was 7 to 3. Last year it was 6 to 4.

The change was vital to the rational use of natural resources, the development and economic prosperity of the inland provinces and the improvement of the quality of life.

Old China's few backward industries were concentrated in Liaoning, Tianjin, Shanghai, Guangzhou and other coastal cities. Only 10 per cent was located in northwestern and southwestern China and Inner Mongolia, which make up 69 per cent of the country. In those days, these inland areas had to rely on the coastal cities even for such common items as soap and matches.

After 30 years of efforts starting in 1953, the fixed assets of inland industries has increased 65 times. In 1983, the inland's industrial output value was 31 times that of 1953. During this period, the fixed assets of the coastal regions increased 19-fold and their total industrial output value went up 20 times. The figures show that the development of interior industries is much quicker.

Over the past three decades a number of comprehensive iron-, steel-, electric power- and petrol-

eum-based industrial centres have been set up in the interior. They include the Baotou Iron and Steel Complex in Inner Mongolia, the Gezhouba Hydropower Station in Hubei, the Daqing Oilfield in Heilongjiang, the Jinchuan non-ferrous metal industry in Gansu and China's largest coal production centre in Shanxi.

Many items for daily use and sophisticated industrial products produced inland, such as Xinjiang carpets, Tibetan woollen fabrics, Inner Mongolian dairy food, Xian wristwatches, Xianyang colour picture tubes and Kunming optical instruments, are now in great demand on the domestic market.

Less Construction Set for 1986-90

The Seventh Five-Year Plan (1986-90) will call for the construction of fewer enterprises and urge instead the revamping, expansion and technical transformation of existing ones.

Song Ping, Minister for the State Planning Commission, recently told a national planning conference that the main task of the Seventh Five-Year Plan will be to ensure a steady increase in the economy and a further improvement in living standards, thus laying a sound foundation for a flourishing economy in the 1990s.

In the last three decades, China has set up several hundred thousand new enterprises, including many key ones, which are rationally distributed geographically. Now is the time, said Song, to shift the emphasis to revamping and transforming these enterprises.

"If we continue to use too much money and material to build new enterprises instead of revamping and transforming existing enterprises with outdated equipment and backward technology, we will

slow down economic construction," he said.

Preliminary statistics showed that there were 3,000 requests by various departments to build large and medium-sized projects during the Seventh Five-Year Plan period. If all 3,000 are included on the construction agenda, Song said, the country will inevitably be short of capital and materials, resulting in a slowdown in the four modernizations.

Revamping and transforming 400,000 existing enterprises would require less investment and shorter construction periods, compared with building new ones, he said. Technical levels of these old enterprises will be raised and their production capacity increased through technical transformation.

A few new projects will be built during this period according to needs, Song said. As well, some new ones will be put up in areas inhabited by minority peoples and in underdeveloped border regions.

Historical China Reconstructed

Visitors to the Dehe garden in the Summer Palace are greeted with Qing Dynasty court rites by guides wearing Qing costumes.

The garden was built in the Qing Dynasty during the reign of Emperor Qian Long from 1736-95. Together with the Qing Yin Pavilion in the Palace Museum and the Chang Yin Pavilion in the imperial summer resort in Chengde in northern Hebei, the three were known as famous stages of the Qing court.

On the ground floor of the stage in the garden visitors may see an oil painting of Empress Dowager Ci Xi (1835-1908), an early motorcar, dining-sets for Western food and cosmetics which the Empress used. In a neighbouring hall the statues of Ci Xi and two



A guide in Qing costume (second from right) greets the visitors in the Dehe garden of the Summer Palace.

imperial concubines, Zhen Fei and Jin Fei, are exhibited. Visitors may take photos of themselves in Qing costumes.

To give Chinese and foreign visitors some idea of ancient Chinese civilization, some tourist centres in China are trying to revive the past with new ideas.

Penglai Pavilion in Yantai is a pride of Shandong for its picturesque scenery. At the foot of the hill on which the pavilion stands there is a street built in the style of Song (960-1279) and Ming (1368-1644) Dynasties.

Tourists will see people in Song and Ming costumes entering the ancient city of Dengzhou amid ancient music. The street is lined with houses and gateways, inns and restaurants all in the ancient style. Actors walking on stilts, playing with dragon lanterns and singing ballads or operas, or directing monkey shows can be seen. Tourists may board a boat and set sail in Ming naval uniforms, carry-

ing bows and arrows, to feel what it was like to be an ancient sailor.

A boat ride through the midsummer night of West Lake in Hangzhou, takes tourists back to the Song Dynasty.

Under a new moon the tourists land on a mid-lake island lit with traditional red lanterns. They are greeted by guides in Song robes who take them to the bamboo pavilion, Yunshuiju. Girls serve wine and tea with cups copied from Song porcelain. While tasting wine in the refreshing breeze, tourists may enjoy performances in a courtyard—dance, flute playing, mimicry and other arts. The beating of a hollow bamboo rod indicating the time can be heard regularly. Tourists can imagine they are Song scholars enjoying a performance.

A large tourist centre built after the Tang style will be set up in Xian, Shaanxi. When the Tang Dynasty was at its height, its capital Changan (present-day Xian) was one of the political and cul-

tural centres of the world.

Situated south of the Dayan tower in Xian, the 33-hectare centre will take the tourists back to the golden age of the Tang Dynasty (739-766). Planned buildings include an inn with 400 beds, a restaurant serving Tang dishes, an "imperial" hospital specializing in massage therapy and acupuncture, an amusement centre for playing Tang-style polo and a theatre reserved for court plays.

Heilongjiang to Boost Soviet Trade

China's northernmost province, Heilongjiang, plans to expand trade with the Soviet Union after a 20-year suspension.

"Border trade between Heilongjiang and the far eastern areas of the Soviet Union has good prospects. We plan to increase trade," said Liu Wentong, vice-director of the Provincial Bureau of Foreign Economic Relations and Trade.

Following the long suspension, border trade began to pick up in recent years on the principles of equality, mutual benefit and supplying each other's needs. Trade agreements were signed in 1982 and 1983, with Heilongjiang importing timber, cement, soda ash, chemical fertilizer, glass, cars, motorcycles and refrigerators from the Soviet Union and exporting pork, canned food, thermos bottles, soy sauce, towels, children's clothes, glazed tiles, blankets and fur hats.

Heilongjiang has a 4,100-kilometre-long border with the Soviet Union. Trade between the province's three areas of Heihe, Hejiang, Mudanjiang and the Soviet Union's Amur and maritime regions started in the 1950s. Trade volume reached 4.21 million rubles in 1959, the peak year.

Gulf Region

Battles Won't Settle Iran-Iraq War

by SHUAI PENG

HUNDREDS of thousands have died, cities have been ruined and economies crippled in the four years of fighting between Iran and Iraq, but neither victory nor peace are in sight.

Moslem soldiers on both sides have been waging a stalemated war along the 1,180-km (733-mile) border, from the snow-capped mountains in the north to the sun-baked marshlands in the south. And while both sides have made incursions into the other's territory, neither has made decisive moves. It appears the Iran-Iraq war cannot be ended by battles, but only by peaceful means.

The newly born Iranian Islamic regime did not collapse in the face of Iraq's initial attack. Iraq met stubborn resistance from the Iranian people, including the Arab residents in the south, and was forced to pull out in 1982.

The Iranian soldiers met the same fate when they set foot in Iraqi territory in July 1982. They could neither break through the Basra Defence Line nor cut off the strategic Basra-Baghdad highway. The Shiite Moslems, making up more than 60 per cent of Iraq's total population, did not come to Iran's aid to topple the Iraqi Government as they had hoped.

In their February 1984 offensive, the Iranians took control of man-made Majnoon Island north of Basra, the second largest city in Iraq, but the Baghdad regime did not give way to Iran's pressure.

Iran massed some 500,000 troops in the south and edged towards a "final offensive" in April

and May. But the offensive has not been carried out.

The delay of Iran's ground offensive came in the wake of an escalation of the Gulf tanker war in May. Many ships, including those from Saudi Arabia and Kuwait, have been damaged. The new developments have triggered fears that other Gulf countries might be plunged into the conflict.

Taking its domestic economic woes and military difficulties into consideration, Iran shifted its emphasis to diplomatic efforts already under way. Iranian President Ali Khamenei's recent visit to Syria, Libya and Algeria, the first since the Islamic revolution in 1979, is believed to be part of Iran's efforts to seek an end to the war through diplomatic channels.

Iranian leader Imam Khomeini, however, finally set a condition for ending the war: the overthrow of Iraqi President Saddam Hussein.

Iraq, eager to see the international mediation efforts bear fruit, has stepped up its attacks on ships near Kharg following Khomeini's rejection of any compromise with Iraq.

It seems that international peace initiatives—including the non-aligned countries' proposal for an immediate ceasefire and an Islamic proposal for the creation of a Pan-Islamic fund to finance the reconstruction of the war-damaged areas—can hardly bring the two warring states together. The deep-rooted differences between the two countries cannot be settled overnight. However, peace-loving people around the world sincerely hope the bloodshed can be ended as soon as possible through negotiations.

Viet Nam

Playing the Same Old Trick Again

by ZHONG TAI

ON the eve of the opening of the 39th United Nations General Assembly, Vietnamese officials have been making a pitch to several countries in an effort to avoid further UN condemnation of Viet Nam's aggressive actions in Kampuchea.

Before departing for Tokyo and the UN meeting in New York, Vietnamese Foreign Minister Nguyen Co Thach proposed "unconditional talks" with the member countries of the Association of Southeast Asian Nations (ASEAN)

on Kampuchean peace. Thach also proposed talks on establishing a "neutral international supervision commission" in an effort to convince others that the Vietnamese attitude towards Kampuchea has changed. But a close look at Thach's proposals shows they are the same old proposals Viet Nam has made in the past.

Thach's "new proposals" do not call for the withdrawal of Vietnamese troops from Kampuchea, a crucial demand in previous UN resolutions. And since Hanoi has refused to observe past UN resolutions, its talk about "interna-

tional supervision" in Kampuchea can only be interpreted as a fraud.

Vietnamese authorities have also tried to distort the present Kampuchean situation, declaring that Kampuchea has won independence and that the nation is unified. They accuse the patriotic armed forces of Democratic Kampuchea of fighting a war that is killing off the entire Kampuchea race.

Hanoi even alleged that the primary task of the Kampuchean people is to eliminate these "killers." Nevertheless, it is a well-known fact that over the past six years the Kampuchean people and the patriotic armed forces of various factions of Democratic Kampuchea have won great victories in the struggle against Vietnamese aggression. The Kampuchean people's defence of their national independence has won widespread sympathy and support from the international community.

Who are the real "killers" in Kampuchea? They are the Vietnamese who set up the puppet Heng Samrin regime and carried out complete military control and colonial rule over Kampuchea. They plundered the Kampuchean people's property and resources and slaughtered patriotic Kampuchean civilians. Meanwhile, Hanoi has sent large numbers of Vietnamese to settle in Kampuchea, carrying out a policy of national assimilation.

Hanoi is now harping on the same old tune in a new guise, predicting that Viet Nam will be "the saviour" of the Kampuchean people. Vietnamese officials are trying to convince the world that the Kampuchean patriotic armed forces are the cause of bloody war in Kampuchea. Hanoi is trying to confuse the right and the wrong, but how can the real invaders fool the world public?

The Kampuchean problems are caused by Vietnamese aggression. Since Hanoi has resorted to sophis-

try and refused to withdraw its troops from Kampuchea, the international community has made it clear that the key point for settlement of the Kampuchean issue is total withdrawal of Vietnamese troops from Kampuchea. However, Viet Nam recently again faked "partial withdrawals" to deceive the world.

Observers have seen that Hanoi's three "partial withdrawals" (the first and the second took place in July 1982 and May 1983) were a farce. Their aim is to divert world attention from the Vietnamese occupation of Kampuchea. In fact, Viet Nam has not reduced its troops, and the so-called "partial withdrawals" were simply moves to relieve garrisons or substitute new soldiers for the wounded. It is clear that Vietnamese authorities aren't sincere when they talk of withdrawing their troops. Their real aim is to maintain an occupation army intact and turn Kampuchea into a colony.

It is worth noting that Viet Nam has repeatedly put forward a proposal for "group dialogue" with the ASEAN countries in the past year. And Thach's recent proposal that ASEAN states hold "unconditional talks" with the "three Indo-Chinese countries" is no different from Hanoi's old trick about "group dialogue." Now Viet Nam brazenly claims itself as the sole representative of the bloc of

"three Indo-Chinese states." Since Hanoi has no intention of solving any concrete problems through "dialogues," the ASEAN states have soundly rejected its proposal and exposed the proposed talks as a fraud.

Viet Nam is annoyed by the ASEAN states' rejection of its dialogue proposal. Nevertheless, Hanoi says that differences are growing smaller and conditions are now ripe for negotiations if the ASEAN states really wish to reach an agreement for a peaceful resolution to the Kampuchean issue.

The stand of the ASEAN members on the Kampuchean issue is clear: They firmly oppose Vietnamese aggression on Kampuchea; they refuse to recognize the Heng Samrin puppet regime; they demand the total withdrawal of Vietnamese troops from Kampuchea so that the Kampuchean people may realize their self-determination; and they demand the Kampuchean issue be settled on the basis of UN resolutions.

The so-called narrowing of differences between Viet Nam and the ASEAN countries is merely a lie. The only way for Viet Nam to extricate itself from extreme isolation in the international arena is to completely withdraw its aggressor troops from Kampuchea.

Israel

Impact of New Cabinet Unknown

by YU KAIYUAN

THOUGH 40 days of hard bargaining finally resulted in the formation of a coalition government headed by Labour Party leader Shimon Peres, the days of internal political crisis in Israel are not necessarily over.

Peres took office as the country's eighth prime minister on Sept. 14 after he had worked out the cabinet coalition with Likud bloc leader Yitzhak Shamir. Under the compromise solution, Peres will hold office for two years and then make way for Shamir, who will

act as foreign minister before trading jobs with Peres.

Despite the arrangement, the new cabinet will probably continue to struggle with political division.

The bargaining for the top government posts resulted from July's inconclusive elections. The Labour Party, which expected to come back to power, got only 44 seats in the 120-seat Knesset (parliament). And the Likud bloc, which attempted to maintain its status as the ruling party, won only 41 seats. The other 35 seats went to various small parties. Without a clear mandate, neither the Labour Party nor Likud could form a government.

Peres was appointed on Aug. 5 to organize a coalition government within three weeks. But, because compromises were not made, no agreement was reached and another three-week period was allowed for coalition building. Finally, on Sept. 13, Peres and Shamir reached agreement and the cabinet crisis was ended.

There were no fundamental differences between the Labour Party and the Likud bloc that prevented them from forming a joint cabinet. Both parties may refuse to budge when scrambling for power, say Chinese observers, but when it comes down to safeguarding the expansionist interests of the "great Israeli empire," they think as one.

For instance, on the problems in Lebanon, the Labour Party promised to pull Israeli troops out from that country. But withdrawal would come only on the condition that "security" in the Galilee region be guaranteed. There is no significant difference between this stance and Likud's policy. Peres appealed to Jordan to enter into "unconditional" Mideast talks with Israel. And Likud is not against such talks if they could be held on the basis of the Camp David accords. As for the Arab land Israel has occupied, the two parties have not addressed the question at all.

The Likud bloc insists on increasing Jewish settlements on the West Bank of the Jordan River, but observers note the fact that the first such settlement was built at a time when the Labour Party was in power.

The worsening Israeli economy was another incentive behind the formation of a joint cabinet. Neither Labour nor Likud was able to solve the economic crisis. They had no choice but to turn to the United States for more economic grants.

The perfect opportunity to make the request was just before the US general election in November. Both the US Democratic Party and Republican Party, Israeli leaders reasoned, would promise to give aid generously so as to win the support of Jewish voters. For the sake of the existence of the "great Israeli empire," Labour and Likud buried the hatchet, patched together a coalition on the basis of seeking common ground while preserving differences, and Peres announced a planned visit to the United States along with his finance minister soon after he was sworn in. He also indicated that he would ask the United States to provide US\$700 million in emergency aid.

The formation of the coalition government has caused apprehension in some Arab countries:

- First, the new government has the majority support in the Knesset, which puts it in a good position to make major, even adventurous, decisions.

- Second, Ariel Sharon, a leading hawk of the Likud bloc who is notorious for his role in Israel's invasion of Lebanon in 1982 and the massacre of the Palestinian refugees in West Beirut, has been named minister of trade and industry and one of the 10 members who will constitute the "cabinet nucleus."

- Third, army officers are in the majority in the 25-member cabinet

- Fourth, the United States, after the general election, can be expected to extend full support to Israel in order to counter the rival Soviet activities in the Mideast and to recoup its losses after its military withdrawal from Lebanon and its political losses in Iran.

- And, finally, when the Labour Party was in power during the period of 1948-73, Israel launched four aggressive wars against the Arab countries in the Middle East

Although the majority of Arab states have said little about the coalition, observers in Beirut believe the formation of the Israeli government offers little hope that the Middle East question will be settled in the near future through negotiations.

International Studies

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Contents of Issue No. 4, 1984

China's Foreign Policy of Peace and Independence — Zheng Weizhi

On the Trilateral Relationships of the US, Japan and the ASEAN — Pei Monong

Some Reflections on the Economic Development of the ASEAN Countries — Wu Zhisheng

An Analysis of the US "Star War" Plans — Zhuang Qubing

On Strengthening Legal Measures for Prevention of Arms Race in Outer Space — He Qizhi

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A Great Event of Historic Significance

The satisfactory solution of the Hongkong question represents a big step towards China's reunification. China's special policies for Hongkong are in keeping with the fundamental interests of the entire Chinese people, including those in Hongkong.

"Renmin Ribao" Editorial

ON the eve of the 35th anniversary of the founding of the People's Republic of China, when the people of the whole country are joyously celebrating this red-letter day, the heartening news has come that the Chinese and British Governments initialled the joint declaration on the question of Hongkong on September 26.

The joint declaration clearly states that China will recover Hongkong and resume the exercise of sovereignty over it in 1997. At the same time, it also makes various arrangements for maintaining Hongkong's stability and prosperity. Thus, the question of Hongkong, which is left over from the past, is solved in a satisfactory way. The unfortunate history of Hongkong under the rule of a foreign country will be put to an end. The humiliation suffered in the past by the Chinese people will be wiped out. This is a great event of historic significance which merits great rejoicing among the people of all nationalities in China, the compatriots of Hongkong included. It will also undoubtedly be welcomed and appreciated by the people of the whole world.

To realize the reunification of the motherland is one of the three

major tasks of the Chinese people in the new historical period. Hongkong has always been part of China's territory; to recover Hongkong and resume the exercise of sovereignty over it is a component part of the great cause of reunifying the motherland as well as the common aspiration and sacred duty of the 1,000 million Chinese people.

Now, the governments of China and Britain have finally reached an agreement satisfactory to both sides after friendly negotiations through diplomatic channels. Hongkong, which has been separated from the motherland for more than a century, will after a period of transition return to the embrace of the motherland. The satisfactory solution of the Hongkong question is a big step forward in our efforts in bringing about the reunification of the motherland. The entire Chinese people have every reason to feel inspired and to be proud of it.

Since the founding of the People's Republic of China, the Chinese Government has declared on several occasions that Hongkong is China's territory, that China will never recognize the unequal treaties imposed on it by foreign powers in the 19th century, and that it will peacefully solve this question left over from the past

at an appropriate time through negotiations. In the 35 years since the founding of the People's Republic, great changes have taken place both on the international scene and in China's relations with foreign countries.

As the year 1997 draws nearer and nearer, the time is obviously ripe for solving the Hongkong question. Taking into consideration the historical background and the realities of Hongkong as well as the legitimate interests of all quarters concerned, and in order to maintain Hongkong's stability and prosperity, the Chinese Government has decided that after recovering Hongkong, the current social and economic system as well as the life-style of Hongkong will remain unchanged for 50 years. A special administrative region will be set up in Hongkong directly under the authority of the Central People's Government; Hongkong will be administered by the local inhabitants and enjoy a high degree of autonomy.

This whole series of special policies, which differ from those in the hinterland of China, are in keeping with the fundamental interests of the entire Chinese people, including our compatriots in Hongkong, and are practical and reasonable. The People's Republic of China will enact a basic law for the Hongkong special administrative region, so that these policies are prescribed by

law. The implementation of these policies will ensure Hongkong to maintain its prosperity and stability after 1997 and continue to play its role as a free port and an international financial and trade centre. This is beneficial both to our Hongkong compatriots and the socialist modernization of our motherland.

In their protracted revolutionary struggle and construction, the Chinese people always proceed from China's actual conditions and solve all practical problems in a creative way. Deng Xiaoping, Chairman of the Central Advisory Commission, once said: Wherein lies the solution to China's Hongkong and Taiwan question? I think the only way is to institute two systems in one country. The principle of "one country, two systems" is a long-term policy decision made after careful deliberations and is by no means an expediency.

Article 31 of the Constitution of the People's Republic of China stipulates, "The state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the National People's Congress in the light of the specific conditions." This stipulation applies to both Taiwan and Hongkong, and represents a high degree of integration of principles and flexibility. When state sovereignty, unity and territorial integrity are concerned, our stand is clear-cut; but with regard to concrete policies and measures, full consideration is given to the actual conditions and the interests of all parties concerned.

The adoption of the important state policy of "one country, two systems" is in conformity with the needs of reunifying the motherland and the needs to

make our country prosperous and powerful. This far-sighted idea, which is now applied to the resolution of the question of Hongkong, is practicable and entirely correct. The successful solution of this question will not only be conducive to the return of Taiwan to the embrace of the motherland, but will have a profound and far-reaching impact on the world.

The Hongkong question is one left over from the past which should be solved between China and Britain. It is within China's own right to resume its sovereignty over Hongkong. As a sovereign state, China is entitled to recover its territory in whatever way it sees fit. However, considering the friendly relations between China and Britain, the Chinese Government has willingly conducted peaceful negotiations with the British Government in order to solve the question in a satisfactory way.

China and Britain placed their fundamental interests and friendly co-operation above everything else and settled the Hongkong question through negotiations. This has demonstrated to the whole world that all questions between countries left over from the past can be solved without difficulty so long as both sides are sincere and practical in seeking a solution and take the attitude of mutual understanding and co-operation. The satisfactory solution of the Hongkong question will not only heal the wound left over by history in Sino-British relations, but will also usher in a new stage in the relations between the two countries. The friendly co-operation between them will surely develop on a larger scale than before.

There are now only 13 years before China resumes sovereignty over Hongkong in 1997. During this transitional period, there are many things which require the

close co-operation between China and Britain. The British Government has expressed on many occasions its willingness to safeguard and preserve Hongkong's stability and prosperity during this period of transition. We welcome this declaration on the part of Britain. As regards the various arrangements during the transitional period, there are clear stipulations in Annex II—Sino-British Joint Liaison Group—to the joint declaration.

We hope that in the next 13 years both sides will carry out their own commitments, co-operate effectively in every field of work and refrain from doing anything that is harmful to Hongkong's stability and prosperity, and at the same time create conditions to ensure the smooth transfer of government in 1997. This will no doubt be in the interests of both China and Britain, and conducive to peace and stability in Asia and the rest of the world.

The satisfactory solution of the Hongkong question completely conforms with the wish of our compatriots in Hongkong. Hongkong compatriots who have a tradition of patriotism love the motherland and love Hongkong, and they have their ideals and aspirations. They support the reunification of the motherland, wish Hongkong continued prosperity and stability and have the confidence to administer Hongkong well by relying on their own wisdom and the powerful backing of the motherland. We hope that our Hongkong compatriots will, in the spirit of being master of the country, make their contributions to Hongkong's prosperity and development and the smooth transfer of government in 1997. We are firmly convinced that the future of Hongkong, like that of the motherland as a whole, is infinitely bright and full of promise. □



1949-1984

ANNIVERSARY SPECIAL

Major Economic and Social Achievements (I)

by ZHU QINGFANG

NEW China is a far cry from the semi-colonial, semi-feudal society handicapped by a backward economy 35 years ago. Since the founding of the People's Republic in 1949, despite many twists and turns, China has turned itself from a backward, poverty-stricken agricultural country into a socialist nation enjoying the beginnings of affluence and strength. Major achievements made in the intervening years can be summed up in the following 10 aspects:

Public Ownership a Reality

Soon after liberation, the capital owned by bureaucrats was confiscated and enterprises owned by the whole people were established. In the rural areas, a land reform programme returned 47 million hectares of land to peasants who had little or no land to till.

Five economic sectors coexisted in those days: state-owned, collectively owned, state-and-private jointly owned, private and individual. Individual businesses dominated. In 1952, for example, 19.1 per cent of the national income came from the state-owned sector, 1.5 per cent from the collective sector, 0.7 per cent from the state-private sector, 6.9 per cent from the private sector, and 71.8 per cent from the individual sector.

Socialist economy gained dominance in 1956, when the socialist transformation of agriculture, handicrafts and capitalist industry

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and commerce was basically completed. By 1957, the percentage of state-owned and collectively owned enterprises in the national income rose to 89.6, while the state-private sector stood at 7.6 per cent and the individual sector dwindled to 2.8 per cent. The private economy ceased to exist.

However, this transformation was pushed too far and too quickly: it went beyond what was appropriate to the productive forces at the time — much against the will of the people. As a result, the working people's enthusiasm for production was dampened.

After the Third Plenary Session of the 11th Party Central Committee in 1978, the Chinese Communist Party corrected the "Left" mistake and readjusted the relations of production. Taking into account China's low level of the productive forces, the Party encouraged the development of collective and individual enterprises in urban areas.

As a result, there were 2.31 million urban self-employed workers in 1983 as against 150,000 in 1978. In the same period the number of workers in urban collective enterprises went from 20.48 million to 27.44 million.

In the rural areas, where the collective economy prevails, the adoption of the household-based contract system, linking remuneration with output, has fired the peasants' enthusiasm for production.

The proportion of state-owned enterprises in China's total industrial output value dropped from

80.8 per cent in 1978 to 77 per cent in 1983. That of collective enterprises rose from 19.2 per cent to 22 per cent. Individual and other industrial enterprises accounted for 1 per cent of the total industrial output value of 1983.

The state sector's share of total volume of retail sales of commodities fell from 90.5 per cent in 1978 to 72.1 per cent in 1983, while collective commerce increased from 7.4 per cent to 16.6 per cent, individual commerce from 0.1 per cent to 6.5 per cent, and retail sales by the peasants from 2 per cent to 4.7 per cent.

These readjustments have effectively boosted the growth of production, sped up material exchanges between the cities and the countryside and made people's lives a lot more convenient.

Solid Foundation Laid

Old China had a very weak industrial foundation, composed mostly of a few handicraft industries using crude, simple tools. In 1949, the nation's industries combined had only 12,400 million yuan in fixed assets. Agriculture, too, remained in the Middle Ages.

Large-scale construction carried out since liberation has changed the nation beyond recognition. From 1950 to 1983, investment in fixed assets totalled 1,163.3 billion yuan. Of this, 897 billion yuan were put into capital construction, yielding 644 billion yuan in fixed assets. During that period, 3,800 large and medium-sized projects were completed.

By the end of 1983, enterprises owned by the whole people had 680 billion yuan in fixed assets

**Sino-British Joint Declaration
On the Question of Hong Kong**

(INITIALED TEXT)

CONTENTS

Joint Declaration

Of the Government of the People's Republic of
China and the Government of the United Kingdom
of Great Britain and Northern Ireland on the Ques-
tion of Hong Kong

III

Annex I

Elaboration by the Government of the People's Re-
public of China of Its Basic Policies Regarding
Hong Kong

VI

Annex II

Sino-British Joint Liaison Group

xv

Annex III

Land Leases

xvii

Memoranda

(To Be Exchanged Between the Two Sides)

xix

JOINT DECLARATION

Of the Government of the People's Republic of China And The Government of the United Kingdom of Great Britain and Northern Ireland On the Question of Hong Kong

The Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland have reviewed with satisfaction the friendly relations existing between the two Governments and peoples in recent years and agreed that a proper negotiated settlement of the question of Hong Kong, which is left over from the past, is conducive to the maintenance of the prosperity and stability of Hong Kong and to the further strengthening and development of the relations between the two countries on a new basis. To this end, they have, after talks between the delegations of the two Governments, agreed to declare as follows:

1. The Government of the People's Republic of China declares that to recover the Hong Kong area (including Hong Kong Island, Kowloon and the New Territories, hereinafter referred to as Hong Kong) is the common aspiration of the entire Chinese people, and that it has decided to resume the exercise of sovereignty over Hong Kong with effect from 1 July 1997.
2. The Government of the United Kingdom declares that it will restore Hong Kong to the People's Republic of China with effect from 1 July 1997.
3. The Government of the People's Republic of China declares that the basic policies of the People's Republic of China regarding Hong Kong are as follows:
 - (1) Upholding national unity and territorial integrity and taking account of the history of Hong Kong and its realities, the People's Republic of China has decided to establish, in accordance with the provisions of Article 31 of the Constitution of the People's Republic of China, a Hong Kong Special Administrative Region upon resuming the exercise of sovereignty over Hong Kong.
 - (2) The Hong Kong Special Administrative Region will be directly under the authority of the Central People's Government of the People's Republic of China. The Hong Kong Special Administrative Region will enjoy a high degree of autonomy, except in foreign and defence affairs which are the responsibilities of the Central People's Government.

- (3) The Hong Kong Special Administrative Region will be vested with executive, legislative and independent judicial power, including that of final adjudication. The laws currently in force in Hong Kong will remain basically unchanged.
- (4) The Government of the Hong Kong Special Administrative Region will be composed of local inhabitants. The chief executive will be appointed by the Central People's Government on the basis of the results of elections or consultations to be held locally. Principal officials will be nominated by the chief executive of the Hong Kong Special Administrative Region for appointment by the Central People's Government. Chinese and foreign nationals previously working in the public and police services in the government departments of Hong Kong may remain in employment. British and other foreign nationals may also be employed to serve as advisers or hold certain public posts in government departments of the Hong Kong Special Administrative Region.
- (5) The current social and economic systems in Hong Kong will remain unchanged, and so will the life style. Rights and freedoms, including those of the person, of speech, of the press, of assembly, of association, of travel, of movement, of correspondence of strike, of choice of occupation, of academic research and of religious belief will be ensured by law in the Hong Kong Special Administrative Region. Private property, ownership of enterprises, legitimate right of inheritance and foreign investment will be protected by law.
- (6) The Hong Kong Special Administrative Region will retain the status of a free port and a separate customs territory.
- (7) The Hong Kong Special Administrative Region will retain the status of an international financial centre, and its markets for foreign exchange, gold, securities and futures will continue. There will be free flow of capital. The Hong Kong dollar will continue to circulate and remain freely convertible.
- (8) The Hong Kong Special Administrative Region will have independent finances. The Central People's Government will not levy taxes on the Hong Kong Special Administrative Region.
- (9) The Hong Kong Special Administrative Region may establish mutually beneficial economic relations with the United Kingdom and other countries, whose economic interests in Hong Kong will be given due regard.
- (10) Using the name of 'Hong Kong China', the Hong Kong Special Administrative Region may on its own maintain and develop economic and cultural relations and conclude relevant agreements with states, regions and relevant international organisations.

The Government of the Hong Kong Special Administrative Region may on its own issue travel documents for entry into and exit from Hong Kong.

- (11) The maintenance of public order in the Hong Kong Special Administrative Region will be the responsibility of the Government of the Hong Kong Special Administrative Region.
- (12) The above-stated basic policies of the People's Republic of China regarding Hong Kong and the elaboration of them in Annex I to this Joint Declaration will be stipulated, in a Basic Law of the Hong Kong Special Administrative Region of

the People's Republic of China, by the National People's Congress of the People's Republic of China, and they will remain unchanged for 50 years

4. The Government of the People's Republic of China and the Government of the United Kingdom declare that, during the transitional period between the date of the entry into force of this Joint Declaration and 30 June 1997, the Government of the United Kingdom will be responsible for the administration of Hong Kong with the object of maintaining and preserving its economic prosperity and social stability, and that the Government of the People's Republic of China will give its cooperation in this connection
5. The Government of the People's Republic of China and the Government of the United Kingdom declare that, in order to ensure a smooth transfer of government in 1997, and with a view to the effective implementation of this Joint Declaration, a Sino-British Joint Liaison Group will be set up when this Joint Declaration enters into force, and that it will be established and will function in accordance with the provisions of Annex II to this Joint Declaration.
6. The Government of the People's Republic of China and the Government of the United Kingdom declare that land leases in Hong Kong and other related matters will be dealt with in accordance with the provisions of Annex III to this Joint Declaration.
7. The Government of the People's Republic of China and the Government of the United Kingdom agree to implement the preceding declarations and the Annexes to this Joint Declaration.
8. This Joint Declaration is subject to ratification and shall enter into force on the date of the exchange of instruments of ratification, which shall take place in Beijing before 30 June 1985. This Joint Declaration and its Annexes shall be equally binding.

Done in duplicate at Beijing on

1984 in the Chinese and English languages.

both texts being equally authentic.

(Signed)

For the
Government of the
People's Republic of China

(Signed)

For the
Government of the United
Kingdom of Great Britain
and Northern Ireland

ANNEX I

Elaboration by the Government of The People's Republic of China Of Its Basic Policies Regarding Hong Kong

The Government of the People's Republic of China elaborates the basic policies of the People's Republic of China regarding Hong Kong as set out in paragraph 3 of the Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hong Kong as follows:

The Constitution of the People's Republic of China stipulates in Article 31 that "the state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by laws enacted by the National People's Congress in the light of the specific conditions". In accordance with this Article, the People's Republic of China shall, upon the resumption of the exercise of sovereignty over Hong Kong on 1 July 1997, establish the Hong Kong Special Administrative Region of the People's Republic of China. The National People's Congress of the People's Republic of China shall enact and promulgate a Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter referred to as the Basic Law) in accordance with the Constitution of the People's Republic of China, stipulating that after the establishment of the Hong Kong Special Administrative Region the socialist system and socialist policies shall not be practised in the Hong Kong Special Administrative Region and that Hong Kong's previous capitalist system and life-style shall remain unchanged for 50 years.

The Hong Kong Special Administrative Region shall be directly under the authority of the Central People's Government of the People's Republic of China and shall enjoy a high degree of autonomy. Except for foreign and defence affairs which are the responsibilities of the Central People's Government, the Hong Kong Special Administrative Region shall be vested with executive, legislative and independent judicial power, including that of final adjudication. The Central People's Government shall authorise the Hong Kong Special Administrative Region to conduct on its own those external affairs specified in Section XI of this Annex.

The government and legislature of the Hong Kong Special Administrative Region shall be composed of local inhabitants. The chief executive of the Hong Kong Special Administrative Region shall be selected by election or through consultations held locally and be appointed by the Central People's Government. Principal officials (equivalent to Secretaries) shall be nominated by the chief executive of the Hong Kong Special Administrative Region

and appointed by the Central People's Government. The legislature of the Hong Kong Special Administrative Region shall be constituted by elections. The executive authorities shall abide by the law and shall be accountable to the legislature.

In addition to Chinese, English may also be used in organs of government and in the courts in the Hong Kong Special Administrative Region.

Apart from displaying the national flag and national emblem of the People's Republic of China, the Hong Kong Special Administrative Region may use a regional flag and emblem of its own.

II

After the establishment of the Hong Kong Special Administrative Region, the laws previously in force in Hong Kong (i.e. the common law, rules of equity, ordinances, subordinate legislation and customary law) shall be maintained, save for any that contravene the Basic Law and subject to any amendment by the Hong Kong Special Administrative Region legislature.

The legislative power of the Hong Kong Special Administrative Region shall be vested in the legislature of the Hong Kong Special Administrative Region. The legislature may on its own authority enact laws in accordance with the provisions of the Basic Law and legal procedures, and report them to the Standing Committee of the National People's Congress for the record. Laws enacted by the legislature which are in accordance with the Basic Law and legal procedures shall be regarded as valid.

The laws of the Hong Kong Special Administrative Region shall be the Basic Law, and the laws previously in force in Hong Kong and laws enacted by the Hong Kong Special Administrative Region legislature as above.

III

After the establishment of the Hong Kong Special Administrative Region, the judicial system previously practised in Hong Kong shall be maintained except for those changes consequent upon the vesting in the courts of the Hong Kong Special Administrative Region of the power of final adjudication.

Judicial power in the Hong Kong Special Administrative Region shall be vested in the courts of the Hong Kong Special Administrative Region. The courts shall exercise judicial power independently and free from any interference. Members of the judiciary shall be immune from legal action in respect of their judicial functions. The courts shall decide cases in accordance with the laws of the Hong Kong Special Administrative Region and may refer to precedents in other common law jurisdictions.

Judges of the Hong Kong Special Administrative Region courts shall be appointed by the chief executive of the Hong Kong Special Administrative Region acting in accordance with the recommendation of an independent commission composed of local judges, persons from the legal profession and other eminent persons. Judges shall be chosen by reference to their judicial qualities and may be recruited from other common law jurisdictions. A judge may only be removed for inability to discharge the functions of his office, or for misbehaviour, by the chief executive of the Hong Kong Special Administrative Region acting in accordance with the recommendation of a tribunal appointed by the chief judge of the court of final appeal, consisting of not fewer than three local judges. Additionally, the

appointment or removal of principal judges (i.e. those of the highest rank) shall be made by the chief executive with the endorsement of the Hong Kong Special Administrative Region legislature and reported to the Standing Committee of the National People's Congress for the record. The system of appointment and removal of judicial officers other than judges shall be maintained.

The power of final judgment of the Hong Kong Special Administrative Region shall be vested in the court of final appeal in the Hong Kong Special Administrative Region, which may as required invite judges from other common law jurisdictions to sit on the court of final appeal.

A prosecuting authority of the Hong Kong Special Administrative Region shall control criminal prosecutions free from any interference.

On the basis of the system previously operating in Hong Kong, the Hong Kong Special Administrative Region Government shall on its own make provision for local lawyers and lawyers from outside the Hong Kong Special Administrative Region to work and practise in the Hong Kong Special Administrative Region.

The Central People's Government shall assist or authorise the Hong Kong Special Administrative Region Government to make appropriate arrangements for reciprocal judicial assistance with foreign states.

IV

After the establishment of the Hong Kong Special Administrative Region, public servants previously serving in Hong Kong in all government departments, including the police department, and members of the judiciary may all remain in employment and continue their service with pay, allowances, benefits and conditions of service no less favourable than before. The Hong Kong Special Administrative Region Government shall pay to such persons who retire or complete their contracts, as well as to those who have retired before 1 July 1997, or to their dependants, all pensions, gratuities, allowances and benefits due to them on terms no less favourable than before, and irrespective of their nationality or place of residence.

The Hong Kong Special Administrative Region Government may employ British and other foreign nationals previously serving in the public service in Hong Kong, and may recruit British and other foreign nationals holding permanent identity cards of the Hong Kong Special Administrative Region to serve as public servants at all levels, except as heads of major government departments (corresponding to branches or departments at Secretary level) including the police department, and as deputy heads of some of those departments. The Hong Kong Special Administrative Region Government may also employ British and other foreign nationals as advisers to government departments and, when there is a need, may recruit qualified candidates from outside the Hong Kong Special Administrative Region to professional and technical posts in government departments. The above shall be employed only in their individual capacities and, like other public servants, shall be responsible to the Hong Kong Special Administrative Region Government.

The appointment and promotion of public servants shall be on the basis of qualifications, experience and ability. Hong Kong's previous system of recruitment, employment, assessment, discipline, training and management for the public service (including special bodies for appointment, pay and conditions of service) shall, save for any provisions providing privileged treatment for foreign nationals, be maintained.

V

The Hong Kong Special Administrative Region shall deal on its own with financial matters, including disposing of its financial resources and drawing up its budgets and its final accounts. The Hong Kong Special Administrative Region shall report its budgets and final accounts to the Central People's Government for the record.

The Central People's Government shall not levy taxes on the Hong Kong Special Administrative Region. The Hong Kong Special Administrative Region shall use its financial revenues exclusively for its own purposes and they shall not be handed over to the Central People's Government. The systems by which taxation and public expenditure must be approved by the legislature, and by which there is accountability to the legislature for all public expenditure, and the system for auditing public accounts shall be maintained.

VI

The Hong Kong Special Administrative Region shall maintain the capitalist economic and trade systems previously practised in Hong Kong. The Hong Kong Special Administrative Region Government shall decide its economic and trade policies on its own. Rights concerning the ownership of property, including those relating to acquisition, use, disposal, inheritance and compensation for lawful deprivation (corresponding to the real value of the property concerned, freely convertible and paid without undue delay) shall continue to be protected by law.

The Hong Kong Special Administrative Region shall retain the status of a free port and continue a free trade policy, including the free movement of goods and capital. The Hong Kong Special Administrative Region may on its own maintain and develop economic and trade relations with all states and regions.

The Hong Kong Special Administrative Region shall be a separate customs territory. It may participate in relevant international organisations and international trade agreements (including preferential trade arrangements), such as the General Agreement on Tariffs and Trade and arrangements regarding international trade in textiles. Export quotas, tariff preferences and other similar arrangements obtained by the Hong Kong Special Administrative Region shall be enjoyed exclusively by the Hong Kong Special Administrative Region. The Hong Kong Special Administrative Region shall have authority to issue its own certificates of origin for products manufactured locally, in accordance with prevailing rules of origin.

The Hong Kong Special Administrative Region may, as necessary, establish official and semi-official economic and trade missions in foreign countries, reporting the establishment of such missions to the Central People's Government for the record.

VII

The Hong Kong Special Administrative Region shall retain the status of an international financial centre. The monetary and financial systems previously practised in Hong Kong, including the systems of regulation and supervision of deposit taking institutions and financial markets, shall be maintained.

The Hong Kong Special Administrative Region Government may decide its monetary and financial policies on its own. It shall safeguard the free operation of financial business and the free flow of capital within, into and out of the Hong Kong Special Administrative

Region. No exchange control policy shall be applied in the Hong Kong Special Administrative Region. Markets for foreign exchange, gold, securities and futures shall continue

The Hong Kong dollar, as the local legal tender, shall continue to circulate and remain freely convertible. The authority to issue Hong Kong currency shall be vested in the Hong Kong Special Administrative Region Government. The Hong Kong Special Administrative Region Government may authorise designated banks to issue or continue to issue Hong Kong currency under statutory authority, after satisfying itself that any issue of currency will be soundly based and that the arrangements for such issue are consistent with the object of maintaining the stability of the currency. Hong Kong currency bearing references inappropriate to the status of Hong Kong as a Special Administrative Region of the People's Republic of China shall be progressively replaced and withdrawn from circulation.

The Exchange Fund shall be managed and controlled by the Hong Kong Special Administrative Region Government, primarily for regulating the exchange value of the Hong Kong dollar.

VIII

The Hong Kong Special Administrative Region shall maintain Hong Kong's previous systems of shipping management and shipping regulation, including the system for regulating conditions of seamen. The specific functions and responsibilities of the Hong Kong Special Administrative Region Government in the field of shipping shall be defined by the Hong Kong Special Administrative Region Government on its own. Private shipping businesses and shipping-related businesses and private container terminals in Hong Kong may continue to operate freely.

The Hong Kong Special Administrative Region shall be authorised by the Central People's Government to continue to maintain a shipping register and issue related certificates under its own legislation in the name of "Hong Kong, China".

With the exception of foreign warships, access for which requires the permission of the Central People's Government, ships shall enjoy access to the ports of the Hong Kong Special Administrative Region in accordance with the laws of the Hong Kong Special Administrative Region.

IX

The Hong Kong Special Administrative Region shall maintain the status of Hong Kong as a centre of international and regional aviation. Airlines incorporated and having their principal place of business in Hong Kong and civil aviation related businesses may continue to operate. The Hong Kong Special Administrative Region shall continue the previous system of civil aviation management in Hong Kong, and keep its own aircraft register in accordance with provisions laid down by the Central People's Government concerning nationality marks and registration marks of aircraft. The Hong Kong Special Administrative Region shall be responsible on its own for matters of routine business and technical management of civil aviation, including the management of airports, the provision of air traffic services within the flight information region of the Hong Kong Special Administrative Region, and the discharge of other responsibilities allocated under the regional air navigation procedures of the International Civil Aviation Organisation.

The Central People's Government shall, in consultation with the Hong Kong Special Administrative Region Government, make arrangements providing for air services between

the Hong Kong Special Administrative Region and other parts of the People's Republic of China for airlines incorporated and having their principal place of business in the Hong Kong Special Administrative Region and other airlines of the People's Republic of China. All Air Service Agreements providing for air services between other parts of the People's Republic of China and other states and regions with stops at the Hong Kong Special Administrative Region and air services between the Hong Kong Special Administrative Region and other states and regions with stops at other parts of the People's Republic of China shall be concluded by the Central People's Government. For this purpose, the Central People's Government shall take account of the special conditions and economic interests of the Hong Kong Special Administrative Region and consult the Hong Kong Special Administrative Region Government. Representatives of the Hong Kong Special Administrative Region Government may participate as members of delegations of the Government of the People's Republic of China in air service consultations with foreign governments concerning arrangements for such services.

Acting under specific authorisations from the Central People's Government, the Hong Kong Special Administrative Region Government may:

- renew or amend Air Service Agreements and arrangements previously in force, in principle, all such Agreements and arrangements may be renewed or amended with the rights contained in such previous Agreements and arrangements being as far as possible maintained;
- negotiate and conclude new Air Service Agreements providing routes for airlines incorporated and having their principal place of business in the Hong Kong Special Administrative Region and rights for overflights and technical stops; and
- negotiate and conclude provisional arrangements where no Air Service Agreement with a foreign state or other region is in force.

All scheduled air services to, from or through the Hong Kong Special Administrative Region which do not operate to, from or through the mainland of China shall be regulated by Air Service Agreements or provisional arrangements referred to in this paragraph.

The Central People's Government shall give the Hong Kong Special Administrative Region Government the authority to:

- negotiate and conclude with other authorities all arrangements concerning the implementation of the above Air Service Agreements and provisional arrangements;
- issue licences to airlines incorporated and having their principal place of business in the Hong Kong Special Administrative Region;
- designate such airlines under the above Air Service Agreements and provisional arrangements; and
- issue permits to foreign airlines for services other than those to, from or through the mainland of China.

X

The Hong Kong Special Administrative Region shall maintain the educational system previously practised in Hong Kong. The Hong Kong Special Administrative Region Government shall on its own decide policies in the fields of culture, education, science and technology, including policies regarding the educational system and its administration, the

language of instruction, the allocation of funds, the examination system, the system of academic awards and the recognition of educational and technological qualifications. Institutions of all kinds, including those run by religious and community organisations, may retain their autonomy. They may continue to recruit staff and use teaching materials from outside the Hong Kong Special Administrative Region. Students shall enjoy freedom of choice of education and freedom to pursue their education outside the Hong Kong Special Administrative Region.

XI

Subject to the principle that foreign affairs are the responsibility of the Central People's Government, representatives of the Hong Kong Special Administrative Region Government may participate, as members of delegations of the Government of the People's Republic of China, in negotiations at the diplomatic level directly affecting the Hong Kong Special Administrative Region conducted by the Central People's Government. The Hong Kong Special Administrative Region may on its own, using the name "Hong Kong, China", maintain and develop relations and conclude and implement agreements with states, regions and relevant international organisations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, touristic, cultural and sporting fields. Representatives of the Hong Kong Special Administrative Region Government may participate, as members of delegations of the Government of the People's Republic of China, in international organisations or conferences in appropriate fields limited to states and affecting the Hong Kong Special Administrative Region, or may attend in such other capacity as may be permitted by the Central People's Government and the organisation or conference concerned, and may express their views in the name of "Hong Kong, China". The Hong Kong Special Administrative Region may, using the name "Hong Kong, China", participate in international organisations and conferences not limited to states.

The application to the Hong Kong Special Administrative Region of international agreements to which the People's Republic of China is or becomes a party shall be decided by the Central People's Government, in accordance with the circumstances and needs of the Hong Kong Special Administrative Region, and after seeking the views of the Hong Kong Special Administrative Region Government. International agreements to which the People's Republic of China is not a party but which are implemented in Hong Kong may remain implemented in the Hong Kong Special Administrative Region. The Central People's Government shall, as necessary, authorise or assist the Hong Kong Special Administrative Region Government to make appropriate arrangements for the application to the Hong Kong Special Administrative Region of other relevant international agreements. The Central People's Government shall take the necessary steps to ensure that the Hong Kong Special Administrative Region shall continue to retain its status in an appropriate capacity in those international organisations of which the People's Republic of China is a member and in which Hong Kong participates in one capacity or another. The Central People's Government shall, where necessary, facilitate the continued participation of the Hong Kong Special Administrative Region in an appropriate capacity in those international organisations in which Hong Kong is a participant in one capacity or another, but of which the People's Republic of China is not a member.

Foreign consular and other official or semi-official missions may be established in the Hong Kong Special Administrative Region with the approval of the Central People's Gov-

ernment. Consular and other official missions established in Hong Kong by states which have established formal diplomatic relations with the People's Republic of China may be maintained. According to the circumstances of each case, consular and other official missions of states having no formal diplomatic relations with the People's Republic of China may either be maintained or changed to semi-official missions. States not recognised by the People's Republic of China can only establish non-governmental institutions.

The United Kingdom may establish a Consulate-General in the Hong Kong Special Administrative Region.

XII

The maintenance of public order in the Hong Kong Special Administrative Region shall be the responsibility of the Hong Kong Special Administrative Region Government. Military forces sent by the Central People's Government to be stationed in the Hong Kong Special Administrative Region for the purpose of defence shall not interfere in the internal affairs of the Hong Kong Special Administrative Region. Expenditure for these military forces shall be borne by the Central People's Government.

XIII

The Hong Kong Special Administrative Region Government shall protect the rights and freedoms of inhabitants and other persons in the Hong Kong Special Administrative Region according to law. The Hong Kong Special Administrative Region Government shall maintain the rights and freedoms as provided for by the laws previously in force in Hong Kong, including freedom of the person, of speech, of the press, of assembly, of association, to form and join trade unions, of correspondence, of travel, of movement, of strike, of demonstration, of choice of occupation, of academic research, of belief, in violability of the home, the freedom to marry and the right to raise a family freely.

Every person shall have the right to confidential legal advice, access to the courts, representation in the courts by lawyers of his choice, and to obtain judicial remedies. Every person shall have the right to challenge the actions of the executive in the courts.

Religious organisations and believers may maintain their relations with religious organisations and believers elsewhere, and schools, hospitals and welfare institutions run by religious organisations may be continued. The relationship between religious organisations in the Hong Kong Special Administrative Region and those in other parts of the People's Republic of China shall be based on the principles of non-subordination, non-interference and mutual respect.

The provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights as applied to Hong Kong shall remain in force.

XIV

The following categories of persons shall have the right of abode in the Hong Kong Special Administrative Region, and, in accordance with the law of the Hong Kong Special Administrative Region, be qualified to obtain permanent identity cards issued by the Hong Kong Special Administrative Region Government, which state their right of abode:

all Chinese nationals who were born or who have ordinarily resided in Hong Kong before or after the establishment of the Hong Kong Special Administrative Region for a continuous period of 7 years or more, and persons of Chinese nationality born outside Hong Kong of such Chinese nationals;

all other persons who have ordinarily resided in Hong Kong before or after the establishment of the Hong Kong Special Administrative Region for a continuous period of 7 years or more and who have taken Hong Kong as their place of permanent residence before or after the establishment of the Hong Kong Special Administrative Region, and persons under 21 years of age who were born of such persons in Hong Kong before or after the establishment of the Hong Kong Special Administrative Region;

any other persons who had the right of abode only in Hong Kong before the establishment of the Hong Kong Special Administrative Region.

The Central People's Government shall authorise the Hong Kong Special Administrative Region Government to issue, in accordance with the law, passports of the Hong Kong Special Administrative Region of the People's Republic of China to all Chinese nationals who hold permanent identity cards of the Hong Kong Special Administrative Region, and travel documents of the Hong Kong Special Administrative Region of the People's Republic of China to all other persons lawfully residing in the Hong Kong Special Administrative Region. The above passports and documents shall be valid for all states and regions and shall record the holder's right to return to the Hong Kong Special Administrative Region.

For the purpose of travelling to and from the Hong Kong Special Administrative Region, residents of the Hong Kong Special Administrative Region may use travel documents issued by the Hong Kong Special Administrative Region Government, or by other competent authorities of the People's Republic of China, or of other states. Holders of permanent identity cards of the Hong Kong Special Administrative Region may have this fact stated in their travel documents as evidence that the holders have the right of abode in the Hong Kong Special Administrative Region.

Entry into the Hong Kong Special Administrative Region of persons from other parts of China shall continue to be regulated in accordance with the present practice.

The Hong Kong Special Administrative Region Government may apply immigration controls on entry, stay in and departure from the Hong Kong Special Administrative Region by persons from foreign states and regions.

Unless restrained by law, holders of valid travel documents shall be free to leave the Hong Kong Special Administrative Region without special authorisation.

The Central People's Government shall assist or authorise the Hong Kong Special Administrative Region Government to conclude visa abolition agreements with states or regions.

ANNEX II

Sino-British Joint Liaison Group

1. In furtherance of their common aim and in order to ensure a smooth transfer of government in 1997, the Government of the People's Republic of China and the Government of the United Kingdom have agreed to continue their discussions in a friendly spirit and to develop the cooperative relationship which already exists between the two Governments over Hong Kong with a view to the effective implementation of the Joint Declaration.

2. In order to meet the requirements for liaison, consultation and the exchange of information, the two Governments have agreed to set up a Joint Liaison Group.

3. The functions of the Joint Liaison Group shall be:

- (a) to conduct consultations on the implementation of the Joint Declaration;
- (b) to discuss matters relating to the smooth transfer of government in 1997;
- (c) to exchange information and conduct consultations on such subjects as may be agreed by the two sides.

Matters on which there is disagreement in the Joint Liaison Group shall be referred to the two Governments for solution through consultations.

4. Matters for consideration during the first half of the period between the establishment of the Joint Liaison Group and 1 July 1997 shall include:

- (a) action to be taken by the two Governments to enable the Hong Kong Special Administrative Region to maintain its economic relations as a separate customs territory, and in particular to ensure the maintenance of Hong Kong's participation in the General Agreement on Tariffs and Trade, the Multifibre Arrangement and other international arrangements; and
- (b) action to be taken by the two Governments to ensure the continued application of international rights and obligations affecting Hong Kong.

5. The two Governments have agreed that in the second half of the period between the establishment of the Joint Liaison Group and 1 July 1997 there will be need for closer cooperation, which will therefore be intensified during that period. Matters for consideration during this second period shall include:

- (a) procedures to be adopted for the smooth transition in 1997;
- (b) action to assist the Hong Kong Special Administrative Region to maintain and develop economic and cultural relations and conclude agreements on these matters with states, regions and relevant international organisations

6. The Joint Liaison Group shall be an organ for liaison and not an organ of power. It shall play no part in the administration of Hong Kong or the Hong Kong Special Administrative Region. Nor shall it have any supervisory role over that administration. The members and supporting staff of the Joint Liaison Group shall only conduct activities within the scope of the functions of the Joint Liaison Group.
7. Each side shall designate a senior representative, who shall be of Ambassadorial rank, and four other members of the group. Each side may send up to 20 supporting staff.
8. The Joint Liaison Group shall be established on the entry into force of the Joint Declaration. From 1 July 1988 the Joint Liaison Group shall have its principal base in Hong Kong. The Joint Liaison Group shall continue its work until 1 January 2000.
9. The Joint Liaison Group shall meet in Beijing, London and Hong Kong. It shall meet at least once in each of the three locations in each year. The venue for each meeting shall be agreed between the two sides.
10. Members of the Joint Liaison Group shall enjoy diplomatic privileges and immunities as appropriate when in the three locations. Proceedings of the Joint Liaison Group shall remain confidential unless otherwise agreed between the two sides.
11. The Joint Liaison Group may by agreement between the two sides decide to set up specialist sub-groups to deal with particular subjects requiring expert assistance.
12. Meetings of the Joint Liaison Group and sub-groups may be attended by experts other than the members of the Joint Liaison Group. Each side shall determine the composition of its delegation to particular meetings of the Joint Liaison Group or sub-group in accordance with the subjects to be discussed and the venue chosen.
13. The working procedures of the Joint Liaison Group shall be discussed and decided upon by the two sides within the guidelines laid down in this Annex.

ANNEX III

Land Leases

The Government of the People's Republic of China and the Government of the United Kingdom have agreed that, with effect from the entry into force of the Joint Declaration, land leases in Hong Kong and other related matters shall be dealt with in accordance with the following provisions:

1. All leases of land granted or decided upon before the entry into force of the Joint Declaration and those granted thereafter in accordance with paragraph 2 or 3 of this Annex, and which extend beyond 30 June 1997, and all rights in relation to such leases shall continue to be recognised and protected under the law of the Hong Kong Special Administrative Region.
2. All leases of land granted by the British Hong Kong Government not containing a right of renewal that expire before 30 June 1997, except short term tenancies and leases for special purposes, may be extended if the lessee so wishes for a period expiring not later than 30 June 2047 without payment of an additional premium. An annual rent shall be charged from the date of extension equivalent to 3 per cent of the rateable value of the property at that date, adjusted in step with any changes in the rateable value thereafter. In the case of old schedule lots, village lots, small houses and similar rural holdings, where the property was on 30 June 1984 held by, or, in the case of small houses granted after that date, the property is granted to, a person descended through the male line from a person who was in 1898 a resident of an established village in Hong Kong, the rent shall remain unchanged so long as the property is held by that person or by one of his lawful successors in the male line. Where leases of land not having a right of renewal expire after 30 June 1997, they shall be dealt with in accordance with the relevant land laws and policies of the Hong Kong Special Administrative Region.
3. From the entry into force of the Joint Declaration until 30 June 1997, new leases of land may be granted by the British Hong Kong Government for terms expiring not later than 30 June 2047. Such leases shall be granted at a premium and nominal rental until 30 June 1997, after which date they shall not require payment of an additional premium but an annual rent equivalent to 3 per cent of the rateable value of the property at that date, adjusted in step with changes in the rateable value thereafter, shall be charged.
4. The total amount of new land to be granted under paragraph 3 of this Annex shall be limited to 50 hectares a year (excluding land to be granted to the Hong Kong Housing Authority for public rental housing) from the entry into force of the Joint Declaration until 30 June 1997.
5. Modifications of the conditions specified in leases granted by the British Hong Kong Government may continue to be granted before 1 July 1997 at a premium equivalent to the difference between the value of the land under the previous conditions and its value under the modified conditions.

6. From the entry into force of the Joint Declaration until 30 June 1997, premium income obtained by the British Hong Kong Government from land transactions shall, after deduction of the average cost of land production, be shared equally between the British Hong Kong Government and the future Hong Kong Special Administrative Region Government. All the income obtained by the British Hong Kong Government, including the amount of the above-mentioned deduction, shall be put into the Capital Works Reserve Fund for the financing of land development and public works in Hong Kong. The Hong Kong Special Administrative Region Government's share of the premium income shall be deposited in banks incorporated in Hong Kong and shall not be drawn on except for the financing of land development and public works in Hong Kong in accordance with the provisions of paragraph 7 (d) of this Annex.

7. A Land Commission shall be established in Hong Kong immediately upon the entry into force of the Joint Declaration. The Land Commission shall be composed of an equal number of officials designated respectively by the Government of the People's Republic of China and the Government of the United Kingdom together with necessary supporting staff. The officials of the two sides shall be responsible to their respective governments. The Land Commission shall be dissolved on 30 June 1997.

The terms of reference of the Land Commission shall be:

- (a) to conduct consultations on the implementation of this Annex;
- (b) to monitor observance of the limit specified in paragraph 4 of this Annex, the amount of land granted to the Hong Kong Housing Authority for public rental housing, and the division and use of premium income referred to in paragraph 6 of this Annex;
- (c) to consider and decide on proposals from the British Hong Kong Government for increasing the limit referred to in paragraph 4 of this Annex;
- (d) to examine proposals for drawing on the Hong Kong Special Administrative Region Government's share of premium income referred to in paragraph 6 of this Annex and to make recommendations to the Chinese side for decision.

Matters on which there is disagreement in the Land Commission shall be referred to the Government of the People's Republic of China and the Government of the United Kingdom for decision.

8. Specific details regarding the establishment of the Land Commission shall be finalised separately by the two sides through consultations.

MEMORANDA

(To Be Exchanged Between the Two Sides)

Memorandum

In connection with the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong to be signed this day, the Government of the United Kingdom declares that, subject to the completion of the necessary amendments to the relevant United Kingdom legislation:

- (a) All persons who on 30 June 1997 are, by virtue of a connection with Hong Kong, British Dependent Territories citizens (BDTCs) under the law in force in the United Kingdom will cease to be BDTCs with effect from 1 July 1997, but will be eligible to retain an appropriate status which, without conferring the right of abode in the United Kingdom, will entitle them to continue to use passports issued by the Government of the United Kingdom. This status will be acquired by such persons only if they hold or are included in such a British passport issued before 1 July 1997, except that eligible persons born on or after 1 January 1997 but before 1 July 1997 may obtain or be included in such a passport up to 31 December 1997.
- (b) No person will acquire BDTC status on or after 1 July 1997 by virtue of a connection with Hong Kong. No person born on or after 1 July 1997 will acquire the status referred to as being appropriate in sub-paragraph (a).
- (c) United Kingdom consular officials in the Hong Kong Special Administrative Region and elsewhere may renew and replace passports of persons mentioned in sub-paragraph (a) and may also issue them to persons, born before 1 July 1997 of such persons, who had previously been included in the passport of their parent.
- (d) Those who have obtained or been included in passports issued by the Government of the United Kingdom under sub-paragraphs (a) and (c) will be entitled to receive, upon request, British consular services and protection when in third countries.

Memorandum

The Government of the People's Republic of China has received the memorandum from the Government of the United Kingdom of Great Britain and Northern Ireland dated 1984

Under the Nationality Law of the People's Republic of China, all Hong Kong Chinese compatriots, whether they are holders of the "British Dependent Territories citizens Passport" or not, are Chinese nationals.

Taking account of the historical background of Hong Kong and its realities, the competent authorities of the Government of the People's Republic of China will, with effect from 1 July 1997, permit Chinese nationals in Hong Kong who were previously called "British Dependent Territories citizens" to use travel documents issued by the Government of the United Kingdom for the purpose of travelling to other states and regions.

The above Chinese nationals will not be entitled to British consular protection in the Hong Kong Special Administrative Region and other parts of the People's Republic of China on account of their holding the above-mentioned British travel documents

and 570 billion yuan in circulation funds. There were 393,000 industrial enterprises. In addition, China has built a comprehensive industrial and national economic system which has the undertakings rationally distributed geographically.

China has already developed an impressive economic strength. Total output value of society reached 1,105.2 billion yuan in 1983, up from 55.7 billion yuan in 1949. Per-capita income rose from 66 yuan to 458 yuan, and industry's share of the total industrial and agricultural output value topped 66 per cent as against 30 per cent in 1949. Industrial output value created in eight days last year equalled that created in the whole year of 1949. The output of steel increased from 160,000 tons in 1949 to 40.02 million tons, coal from 32 million tons to 715 million tons, electricity from 4,300 million kwh to 351,400 million kwh, and oil from 120,000 tons to 106 million tons.

Farming conditions have considerably improved, thanks to large-scale farmland capital construction and water conservation works built in the last three decades. By the end of 1983, China has built 170,000 kilometres of dykes — enough to circle equator four times.

Old China had only 15 large and medium-sized reservoirs, but by 1983 there were more than 2,700, over and above 83,300 small ones, able to store 420,800 million cubic metres of water. This, plus 2.67 million power-driven wells, is irrigating 44.64 million hectares of farmland. The total capacity of farm machinery in use grew from 250,000 hp in 1952 to 245 million hp in 1983, a 980-fold increase.

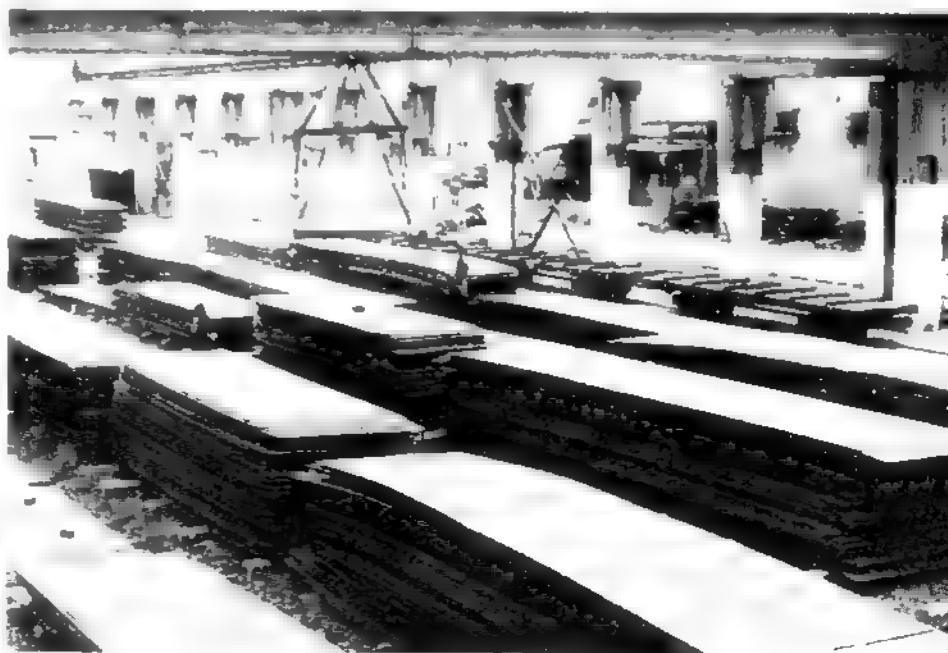
Improved production conditions have stimulated agricultural development. The total value of agricultural output topped 312.1

billion yuan in 1983, up from 32.6 billion yuan in 1949. If calculated in comparable prices, this is a 5-fold increase. In the meantime, grain output increased 3.4-fold, from 113.18 million tons to 387.28 million tons, and cotton output multiplied 10.4 times from 444,000 tons to 4,637 million tons. The rapid growth of agriculture has enabled China to basically solve the problem of feeding and clothing its population — one-quarter of mankind. The whole world recognizes this great accomplishment.

Transportation and communications have also made great strides. Today, China is crisscrossed by an extensive network of highways and railways. The total mileage of usable railroad track lengthened from 22,000 kilometres in 1949 to 52,000 kilometres in 1983, and the length of highways grew from 81,000 kilometres to 915,000 kilometres.

Railways have now reached all provinces, municipalities and autonomous regions, except Tibet, and 92 per cent of the villages and towns have been linked by highways.

The Shanghai No. 3 Steel Mill, a small plant in the 1950s, now produces more than 70 kinds of steel and 1,100 specifications of rolled steel.



The major coastal port cities can now handle 250 million tons of cargo a year, 21 times what they could in 1949, and Chinese ocean-going fleets are now sailing to more than 100 countries and regions.

Civil aviation routes have expanded from 10,000 kilometres in 1949 to 230,000 kilometres in 1983, and Chinese airliners now fly to 19 countries and regions.

Starting from nothing, the Chinese people had laid 11,000 kilometres of pipes from 1949 to the end of 1983.

China now finds itself in the world's front ranks in its output of about 30 major industrial and agricultural products. A comparison of 1949 and 1983 shows that the nation's steel output jumped from 26th place to fourth, coal from ninth to third, electricity from 25th to sixth, crude oil from 27th to seventh, and grain and cotton from second and fourth places right up to first.

China is also rich in a wide variety of natural resources. Over the past 35 years it has verified

reserves of 150 mineral ores. The deposits of more than 20 of these are among the largest in the world. Verified deposits of coal are 727,600 million tons, and those of iron ore are 46,800 million tons. The country also has the potential to generate 676 million kw of hydroelectric power, and has plentiful oil and gas supplies. These resources are vital to industrial modernization.

Conditions are also available for modernizing China's farming, forestry, animal husbandry, sideline production and fishery. There are, for example, 319.08 million hectares of grassland, 33 million hectares of area suitable for reclamation, 115.25 million hectares of forests, 16.64 million hectares of fresh-water areas, and 818,000 square nautical miles of coastal fishing grounds.

But perhaps China's most precious resource is its huge labour force, which includes large contingents of workers, scientists and technicians. By the end of 1983 there were 460 million working people, more than two-and-a-half

times the number in 1949. The number of workers and staff increased 14 times, from 8.09 million to 115.15 million. Professionals and technicians numbered more than 9 million towards the end of 1983.

National Economy in High Gear

Despite many fluctuations, the Chinese economy has generally grown quite quickly. Total output value of society rose 20-fold between 1949 and 1983, with annual growth rate averaging 9.2 per cent. National income increased 10.9 times, at an annual average growth rate of 7.3 per cent. If the growth during the economic rehabilitation period in the early 1950s is excluded, then that meant an average 8 per cent increase for the total output value of society and an average 6.2 per cent gain for the national income during the period from 1952 to 1983.

Unfortunately, the policies guiding the economy fell under the influence of the "Left" trend of

thought in the 21 years from 1958 to 1978. The economy suffered grave setbacks, and with growth considerably stunted, the total output value of society grew by only 7.1 per cent a year, and the national income by 5.3 per cent.

But the economy has returned to the road of healthy development since 1979, when economic readjustment and restructuring was begun. In the five years since then the total output value of society averaged an 8.2 per cent growth a year and the national income grew by 7.1 per cent. The total value of agricultural output, in particular, registered an annual growth of 7.9 per cent, as against a 2.9 per cent annual average for the previous 21 years.

More Balanced Relationships

Old China was marked by a lopsided economic structure, with agriculture and handicrafts far outweighing modern industry. The building industry was underdeveloped and there were few means of transportation.

Agriculture accounted for 68.4 per cent of the 1949 national income, industry for 12.6 per cent, the building industry for 0.3 per cent, transportation for 3.3 per cent, and commerce for 15.4 per cent. The ratio between agriculture and industry in the total industrial and agricultural output value was seven to three. Modern industry made up only 56 per cent of the total industrial output value; of this light industry accounted for 74 per cent and heavy industry 26 per cent.

After 35 years of construction, production is now growing quickly, and the economic structure has greatly changed. In the 1983 national income, agriculture's share dropped to 44.9 per cent while industry took 41.9 per cent, construction took 5 per cent, transportation rose

Funan is a new section of Daqing, China's largest oilfield.



to 3.5 per cent. The share of commerce dropped to 4.7 per cent. The proportion of industry (with modern industry dominating) in the total industrial and agricultural output value rose to 66 per cent

During the period of the First Five-Year Plan (1953-57), the relationships between the major branches of the national economy were co-ordinated for the most part. However, the country became gripped by an obsession with quick development and excessive accumulation, and heavy industry was vigorously developed to the neglect of light industry. Major economic relationships were thrown off balance, including the relationship between agriculture and light and heavy industries, between accumulation and consumption, between production construction and the people's live likelihood, and various relationships within industry and agriculture themselves. The development of energy, transportation and communications, the building industry, commerce and the service trades, too, fell short of the needs of the nation's economic development.

A series of measures have been adopted since 1979 which have sped up the growth of agriculture and light industry, reduced the rate of accumulation, curtailed investment in capital construction, and re-oriented investment to where it is needed most. Light and textile industries, energy development and transportation have all picked up, as have housing, urban public utilities and projects more closely related to the people's lives. To keep up, culture, education, medical services and scientific research have also started to develop. The result is a major movement towards a more balanced national economy.

First, the rate of accumulation has been reduced. This rate averaged 31.2 per cent from 1966 to 1978, reaching 36.5 per cent in



China's harbour greets ships from around the world.

1978. By contrast, it was 28.5 per cent in 1981, 29 per cent in 1982 and 30 per cent in 1983.

Second, the ratio between agriculture and light and heavy industries has been readjusted. In terms of total industrial and agricultural output value, the ratio was 27.8: 31.4: 41.1 in 1978. In 1983, it was 33.9: 32.1: 34.

Third, agriculture, forestry, animal husbandry, sideline occupations and fishery have enjoyed general development. As a result, the latter four accounted for 37.8 per cent of China's total agricultural output value in 1983, as compared with 32.2 per cent in 1978.

Fourth, investments have been channelled to where they are needed most. Last year, 58.3 per cent of all investment was used for production, down from 79.1 per cent in 1978. Another 41.7 per cent went into non-productive projects such as housing, schools, hospitals and urban public utilities, up from 20.9 per cent. Of this, the investment in housing grew from 7.8 per cent to 21.1 per cent.

Fifth, more funds have been

allocated to intellectual development. In the five years from 1979 to 1983, China invested 95.8 billion yuan in education, scientific research and related capital construction, averaging 19.2 billion yuan a year, or almost 3.2 times the 5.9 billion yuan invested annually in the previous 26 years from 1953 to 1978. The percentage of such investment in the national income moved up from 3.8 during 1953-78 to 4.8 in the following five years.

Economic Results Improved

Economic results, the rate of development and the various ratios between the different branches of the national economy interact with and influence each other. During the period of the First Five-Year Plan, the nation's economy grew fairly quickly, was well co-ordinated, and therefore enjoyed good economic results.

In the 20 years after 1958, growth continued to be rapid, but the major ratios in the economy were thrown seriously off balance, causing poor economic results.

After 1978, China stopped pursuing high output value and speed,

to the neglect of economic results. Instead, emphasis has been placed on improving economic results. In the meantime, major economic ratios have been set right, the aim being to gradually achieve equilibrium between the various economic sectors. As a result, some major macroeconomic standards have been raised to varying degrees.

Per-capita national income in 1983 was 458 yuan, which, calculated according to comparable prices, was 3.6 times the 1952 figure. This meant an average annual increase of 4.2 per cent. Of this, the annual growth rates averaged 6.4 per cent during the First Five-Year Plan period, and 5.7 per cent over the past five years. By comparison, the annual rate of growth averaged 3.3 per cent in the 21 years from 1958 to 1978.

For every hundred yuan of accumulation funds used for construction, an average of 32 yuan was added to the national income during the First Five-Year Plan period. The figure stood at 27 yuan over the last five years, as compared with 19 yuan in the previous 21 years.

With more money in their pockets, peasants in Hunan can now afford to buy washing machines and other home appliances.



The average annual growth rate of labour productivity was 6.4 per cent during the First Five-Year Plan period and 4.2 per cent over the last five years, as compared with an average annual rate of 2.7 per cent in the previous 21 years. Farm labour productivity grew at an average of 5.3 per cent annually over the last five years, quicker than any other previous periods (the average rate in the previous 21 years was only 0.6 per cent). Annual industrial labour productivity, i.e., the net output value created by each factory worker, grew by an average of 3 per cent annually from 1958 to 1978. However, over the last five years, as large numbers of people awaiting jobs have been assigned to factories, the annual rate of increase of labour productivity actually dropped to 2.5 per cent.

China's industrial enterprises have also done much to eliminate losses and increase profits over the last five years. As a result, the product quality has been improved, variety increased, and consumption of energy and raw materials reduced. Losses have also gone down.

Progress has been made in

energy conservation. The amount of energy saved in the five years from 1979 to 1983 was equivalent to 100 million tons of standard coal. Although energy consumption grew slowly at an annual rate of 3.9 per cent during this period, sufficient energy was supplied to sustain a national income annual growth rate of 7.1 per cent. In 1983, the national income from each ton of standard coal consumed was 16 per cent higher than in 1978.

However, while economic results are being improved as compared with those years of 1958 to 1978, they are far from being the best ever. It will be sometime before the economic results are substantially improved.

Stable Prices, Brisk Market

The runaway inflation in old China had reached alarming dimensions. Prices went up 6 million times from June 1937 to August 1948. Put simply, 500 yuan of the legal tender issued by Kuomintang government was enough to buy 10 oxen in 1937, but was worth only a doughnut just a decade later. By 1949, skyrocketing prices had brought untold suffering to the Chinese people.

The first thing the People's Republic did in 1949 was to stabilize the market by bringing prices down. The state tightened up management of finance and the economy, working to increase incomes and cut expenses. It firmly cracked down on speculation and profiteering, and ensured the smooth development of state-run commerce. These efforts paid off handsomely. By the end of March 1950, the once rampant inflation was harnessed almost everywhere.

To close the price gap between industrial and agricultural products, the state raised the purchasing prices of farm and sideline products, under a unified plan. These
(Continued on p. 28.)

Li Ruihuan—Tianjin's Mayor Is a Builder

by LU YUN
Our Correspondent

RAISED in a peasant family and trained as a carpenter, Li Ruihuan, 50, has become one of the principal builders of the new Tianjin since becoming mayor in 1982.

Carpenter

Li was brought up in the countryside of Baodi County, not far from Tianjin, China's second largest industrial city.

In 1951, 16-year-old Li Ruihuan went to work as a carpenter in the Beijing No. 3 Construction Company. Though he had four years' schooling, he was interested in mastering construction techniques. With the help of his young co-workers, he introduced 158 woodworking innovations within a few years.

When faced with building the roof truss, he was determined to find a new method that would not require so much labour and material. But he lacked even the basics of design. So when the chance arose to take a training course at the Beijing Spare-Time College of Construction Engineering, he jumped at it. For several years he rode a bicycle to the school, rain or shine, to keep up his evening studies.

He finally used the fundamentals of geometry and trigonometric function that allowed him to produce a simple calculating chart and angle square in place of the method of detail drawing. When his method was used in

constructing the floor board of the Great Hall of the People's in 1959, the work was accomplished in eight and a half days. It would have taken 45 days using the old method. Through more than 100,000 calculations, Li had systematized carpentry mathematics and his *Simple Calculation of Carpentry* and was approved by the state for publishing. Li was praised as the "Young Lu Ban," —a reference to a carpentry expert in Chinese ancient legend. And in the early 1960s, a feature film about Li called *Young Lu Ban* was produced.



Li was chosen as a national model worker in 1960. With his national recognition, he met some top officials who encouraged him to seek further education. He began to study Karl Marx's *Capital* and other major works of Marxism. He took a great interest in philosophy, and wrote many articles. Through study and practice, this new Communist Party member began to foster his outlook of life: "Serve the people wholeheartedly and on no account should the interests of the masses be infringed upon."

By the mid-1960s Li had become a leading member of the Beijing construction department. He was later to be the general commander of the construction of Chairman Mao's Memorial Hall in 1976-77 and the Beijing Airport Terminal in 1979. He was elected a deputy to the National People's Congress and a member of the Fifth NPC Standing Committee in 1979.

In March 1981 Li Ruihuan was transferred from his construction post in Beijing to take the job of vice-mayor in Tianjin. And when Tianjin Mayor Hu Qili was transferred to work in the Party Central Committee the following year, Li became acting mayor and was subsequently appointed mayor. Also in 1982, Li became a member of the Party Central Committee and secretary of the Tianjin municipal Party committee. In the 31 years since he left his nearby peasant home, Li had built a stunning career on getting things built.

Since taking office two years ago, Li has tackled and completed construction projects that other mayors might have backed away from. And with Tianjin chosen last May as one of the 14 coastal cities open to foreign investment and economic co-operation, Li sees a golden opportunity to further improve his city of 7.83 million.

Tasks in Tianjin

Upon arriving in Tianjin, Li Ruihuan didn't have to look for



Mayor Li Ruihuan (third from left in foreground) inspects a new residential district under construction.

projects. There was plenty to do. The 1976 Tangshan earthquake had destroyed many Tianjin homes and many families were still living in temporary sheds five years later. The drinking water was so salty it was said that "running water can salt pickles." And bus transit was so inadequate, Tianjin residents could travel faster by walking than by riding the bus.

The devastating Tangshan earthquake had damaged in varying degrees some 70 per cent of the buildings in Tianjin. Although some had been renovated, more than 100,000 residents were still living in temporary sheds in 1981. Li tackled the task of building new houses and removing temporary sheds as soon as possible. He quickly carried out a thorough investigation, discussed with municipal departments possible solutions and put forward a concrete plan to construct enough residences to house more than 100,000 people before the end of 1981.

The housing construction was strongly supported by the state, the Tianjin municipal Party committee and the local government. With Li in charge, 3.1 million square metres of residences were built, in only six months and

temporary sheds were all dismantled.

City residents praised the mayor for his efficiency in handling the job. But Li himself said that residents should have been moved from the sheds to new buildings much earlier.

Even with the sheds gone, Li Ruihuan and his colleagues were disturbed by the masses' congested living conditions. As an important industrial base, Tianjin had developed quickly after liberation, but living conditions hadn't kept pace with the industrial development. Li considered the problem a result of past "Leftist" mistakes. He contended, "To realize four modernizations and make our country prosperous and strong, we must rely mainly on the enthusiasm of the masses and competent leadership. The more modernization steps we take, the richer the people and more improvement in the people's life, including the development of public facilities and collective welfare."

Life in Tianjin did improve quickly after Li's arrival. More housing projects in the urban district were completed in 1983, adding 12.88 million square metres of

living space. The 1983 figure is equivalent to the total dwelling area in 1949, the year Tianjin was liberated, and exceeded the combined area of all housing built in the 30 years after liberation. In drawing up the 1983 housing plan, Li insisted that 3 million square metres of housing should be constructed, and he urged that this level of development must be maintained in coming years to increase housing space for all residents.

Taking the Salt Out

Housing was not the only problem plaguing the city. For years Tianjin residents had complained about water so salty it could "salt pickles." But bringing fresh water to the city meant constructing a water diversion project 234 kilometres long and right through more than 10 kilometres of mountains. Li Ruihuan was named general commander of the ambitious Luanhe River project in 1982 because of his enterprising ability to get construction projects completed.

The project was indeed completed, and in only 16 months, far ahead of the original schedule of four years. It now provides Tianjin a stable and reliable water source by channelling, diverting, storing, purifying and distributing water from the Luanhe River northeast of the city.

Altogether, more than 170,000 people from 160 units all over the country were involved in the project. At the request of Li and Chen Weida, first secretary of the municipal Party committee, the CPC Central Committee and the State Council made the Tianjin Municipal Government fully responsible for the project. Such a project in most cases would be organized and directed by departments of the State Council. After the completion of the project, Premier Zhao Ziyang asked Li how the work went so fast. Li

replied that he had "only to arouse most extensively the enthusiasm of the masses and bring it correctly into full play."

Tianjin residents were indeed enthusiastic about the project. The 68-kilometre ditch was completed by 100,000 volunteers in only 52 days, three months ahead of schedule. But the most arduous and crucial task was cutting the 12.39 km-long tunnel through the mountains. The Tianjin units of the People's Liberation Army had mapped out a plan for completing the tunnel by the end of 1982, three months ahead of schedule. Examining the progress chart, Li determined to give his full support to the PLA efforts. At a project planning meeting, Li told Zuo Erwen, deputy division commander, that he expected the PLA to take the lead and start tunnelling full steam ahead. Zuo Erwen and Liu Min, division commander of the Railway Engineering Corps, pledged to accomplish the task by the end of the year.

Though work began quickly, the tunnelling was blocked when crews ran into an unstable fault, running 212 metres long and the ceiling began to cave in. The landslide could not be stopped. Li was called to examine the cave-in. While being briefed by Shi Dong, deputy chief engineer of the Tianjin Designing Institute under the Ministry of Water Resources and Electric Power, Li stood amidst the clouds of dust and falling rocks and carefully fingered the clay.

The next day Li decided the fault couldn't stop the tunnel and he set up a group of technical experts to oversee the dangerous passage through the fault. He appointed Shi Dong to head the group and told him, "This is a matter of importance. Should it fail, we will not have the face to go to the 7 million people of Tianjin. How could we account for our failure? Prepare for the worst and strive for the best."

After working for 140 days and nights, tunnelling crews safely passed the cave-in and early completion of the project was guaranteed. Shi Dong recalled that if he had not been authorized by the mayor, he would never have dared to try the risky work through the fault.

With Li's backing, Shi Dong was even able to avoid possible accidents that might have occurred had he followed only the army plans rather than his own technical expertise. Shi credited Li's construction experience and ability to apply Marxist thought to the problems at hand for the success of the water diversion project. With Li's encouragement, the construction workers put the completion of the project before their own personal gains and safety.

Party leader Deng Xiaoping praised the builders for their excellent and efficient work, and said that the Luanhe diversion channel had set an example for all the nation's key construction projects.

Because of his successful command of the project, Li received more praise and was chosen one

of the top 10 press figures for 1983 by a Chinese magazine.

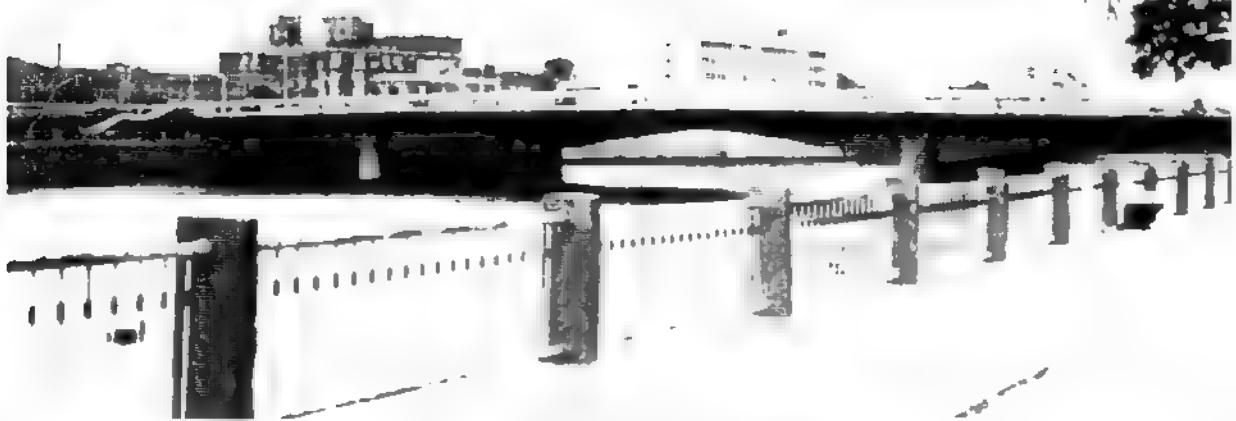
But Li didn't let his success go to his head. He continued studying ways to improve the project and still worried that there were vital components unfinished. One 18-kilometre underground stretch needed to be built, and, when he learnt that the work was not included in the state plan, Li was so anxious he tossed and turned all night. Early the next morning he wrote to the leadership of the State Council, making a strong case for the project. At his request the 18-kilometre section was added to the state plan and work began a short while later. Today, the finishing touches to the Luanhe channel are nearly completed.

Ten Good Deeds

The massive Luanhe River diversion project was only one of what Li Ruihuan planned in his list of 10 good deeds for his people in 1983. Since becoming mayor, Li has proposed that the municipal government complete 10 good deeds a year to improve the life of the people in Tianjin.

Mayor Li (centre) joins PLA construction crews in the tunnel of the Luanhe River project.





The newly built Daguangming Bridge.

The 1983 list, published at the beginning of last year, also included the addition of 3.5 million square metres of new housing, construction of the Daguangming Bridge, building 300 public lavatories and an increase of 1,000 hospital beds and 20,000 home health care beds in the city. By the end of the year the goals had been met.

For 1984, Li's good deed list includes an increase of 800 public telephones, construction of a coal gas manufacturing plant capable of supplying 100,000 households with cooking gas, and beautification efforts in residential districts. He also announced 10 good deeds for the rural areas.

The Tianjin municipal government is also anxious to improve bus service and other public transportation. A subway is under construction and efforts are being made to locate workers' residences closer to their workplace so as to decrease the number of commuters. Now housing is being located close to the workplace and the government is arranging apartment exchanges to get people closer to their jobs. Some 50,000 households in the city will take part in such exchanges this year.

Mayor Li urges officials and grass-roots level cadres to concern themselves with the everyday problems of the average person. He

practises what he preaches, as well. For example, when he was out inspecting new residences, Li discovered that the area in front of the apartments was a quagmire from standing water. Within three days of his visit the water was drained off and the damaged road was repaired.

At the mayor's suggestion artistic walls and flower gardens were built around new residential areas. In addition, 3,000 retail shops and 1,000 nurseries and kindergartens were set up in the city.

Though few people concerned themselves with the problems of shop assistants in the small retail shops, Li lent his support to the city's trade unions' construction of canteens, public baths and lavatories for the assistants. While such projects are small when compared with water-diversion canals, they are of prime importance to those who need them, Li noted.

The mayor has even concerned himself with the problems of single people in search of a spouse. Li has praised efforts by trade unions, the women's federation and factories to arrange opportunities for singles to meet.

As mayor, Li faces an array of tasks. To lighten his burden, six vice-mayors are appointed to assist him. But as Tianjin's chief official, Li still has to be in charge of city construction, people's livelihood,

industry, agriculture, finance and trade, politics and law, education and health, science and culture, economic and trading contacts and exchanges with foreign countries.

Foreign Investors Welcome

While Li has helped Tianjin make strides for improvement, the announcement last May that the city is one of the 14 coastal cities to be opened to foreign investment should help Tianjin move ahead even faster.

To help boost foreign investment and economic co-operation in Tianjin, the municipal Party committee and the government decided to give preferential treatment to investors coming to the city. Li has often noted that Tianjin is short of capital and technological know-how to modernize its facilities. To encourage investors, the Tianjin government has provided facilities for co-operation with foreign firms and has already mapped out a plan for building economic development zones.

Mayor Li would especially like to see foreign investment speed up construction of Tianjin's Xingang Port. He also hopes an infusion of technology will update Tianjin's industries.

Learning from others is nothing

new" with Li. When he visited Hongkong, Li reportedly spent three days in Hongkong's furniture shops. In Sweden, he was so impressed with his hotel room that he invited the hotel attendant to clean the room while he watched so he could see exactly how it was done. Inspired by the way architecture has been preserved in Europe, he returned to Tianjin and pushed for the restoration of buildings in the Jiefang Road and Machangdao area, a section of the city known as the "International Architecture Exhibition."

In the construction and technical transformation of existing city enterprises, Li made use of advanced foreign technology and experience.

Man of Thought and Action

Though Mayor Li is well known as a thoughtful official, he is not one who just talks and never acts. When disputes arise between municipal departments, Li is known for calling an on-the-spot meeting to settle the problem. With all sides present, the problems are laid bare, and possible solutions are discussed. But Li has the final say.

In one on-the-spot meeting at the Second Machinery Bureau, Li hashed out a dozen long-standing

problems with the workers in only a half-day.

On-the-spot meetings have generated good results. But Li does not take action on everything rashly. He makes a thorough investigation and prepares carefully before taking action. For example, he has spent more than a year in preparation for the technical transformation of Tianjin's enterprises. A study group headed by Li was formed to oversee the technical transformation, and Li himself led members of 14 city bureaus in examining key projects. In just a little more than a month, 45 projects have been agreed on, 19 of which were proposed by foreign investors. With strong preparation, arrangements have been made for funding, organization and material supplies for the projects.

While Li has tackled some difficult projects during his stint as mayor, he considers ideological work and persuasion of others among his toughest tasks. Having the practical ability to build things and get things done isn't enough — Li sees a need to explain things and convince others on a theoretical plane as well.

Earlier this year, Li was attending a conference in Beijing on the

day before he was scheduled to present a speech on the "opening up" of China's economy back in Tianjin. After the meeting he drove straight home to Tianjin without stopping for supper. He worked all evening and all night, not finishing until 5 a.m. He wasn't satisfied with his speech until he was able to back his theory on his work with a Marxist argument. His arguments held weight and the speech was well received.

In all his efforts to change things, Li has at times encountered resistance to his reforms. But he has never been afraid of pushing ahead. Li's practice is to push forward and convince his critics with the success of his practice.

When stumped by the problems at hand, Li usually gets out of his office and goes to the grass-roots. There he finds the answers to his problems and is reminded of the tasks that still need to be completed: speeding up the construction of the 160-kilometre Beijing-Tianjin-Tanggu expressway, improving the Tianjin ports, transforming the old city proper of Tianjin, supplying gas to the majority of city residents within five years, and laying the foundation for quadrupling industrial and agricultural output value by the end of the century.

Now, when he sees people leisurely strolling along the 19.8-kilometre-long Haihe Park, he thinks of the success of the collective funds and volunteer labour that built it. When he sees the new housing that eliminated the need for temporary shacks, he can smile along with the residents. And when he hears people placing their hopes and dreams on the municipal government, he is more confident than ever that he must always seek the answer to the question he posed for himself: "How can I satisfy to everybody, yet still be true to myself?" □

A family kindergarten set up by Xue Huiyun (right), a retired teacher





1949-1984

ANNIVERSARY SPECIAL

Changes on the Banks of the Haihe River

by YANG LI

This is the second article in the series by our staff members describing the changes that have taken place in their hometowns since 1949. The series are part of our project to celebrate the 35th anniversary of the founding of the People's Republic. — L.d

IN 1983 Tianjin got five beautiful new views. Haihe Park and Central Square, with its grand fountain, are two of them. I was lucky enough to see them both as soon as I arrived back in my hometown to visit my father.

Although I moved to Beijing long ago, I still greatly enjoyed the new park in my hometown because it lines the way from the railway station to my father's home. I had to stop frequently in surprise at all the changes along the river-banks. As evening fell the brilliant lights, reflected in the spray from the fountain in Central Square, seemed to dance to the melodious tunes the fountain itself plays. I became so absorbed I almost forgot to go home.

Downtown Oasis

Haihe Park was completed just before National Day (Oct. 1) last year. It stretches along both sides of the Haihe River, which winds through the entire city of Tianjin. About 23 hectares along the banks are planted with 20,000 trees, 56,000 square metres of lawns and 9,000 square metres of flower beds.

The greenery gives the river a new look, and also plays an important role in maintaining the ecological balance within the city. It's a

big improvement for Tianjin, which in 1980 placed last in plant coverage among China's 13 cities with a population of more than 1 million.

Different styles of benches, walkways and pavilions mingle with unique statues and fountains to combine modern and traditional garden art.

The park seems an oasis in the midst of a bustling, densely populated downtown area beset with traffic jams and huge crowds. It is a place for visitors and residents alike to escape for a few minutes of rest and peace.

The dream of an oasis along the river had been cherished in Tianjin for more than 30 years. When it finally came true, no one imagined the work would be completed so quickly.

Because people have more money and more spare time, they want improvements not only in their material lives, but in their culture and environment as well. This was reflected in their en-

thusiasm for the park. More than 30,000 Tianjin residents volunteered their labour, and many others donated money for the project.

Bridging Time

Bridges in a variety of styles cross the Haihe River within the park, reflecting the times in which they were built. Six concrete arch bridges and one floating bridge were built after liberation. The other three are products of the turn of the century.

In the early 1950s, with only the three old bridges, people sometimes had to go several kilometres out of their way to cross the river. The ferry was the main means of crossing for most people, including myself. I can still clearly remember the big boats, carrying dozens of people slowly along a thick rope clinging to the banks.

Although my middle school was not far from my home, it took me more than half an hour to get there every day because of the ferry crossing. Often I was late

A glimpse of Haihe Park.



due to something happened to the ferry. Now my niece studies at the same school. Ten minutes are enough for her to cross the bridge by bicycle and get to school. When I told her how long it used to take me, my story is too strange and remote for her to believe.

One by one the old ferries were replaced by bridges. This past November the last one—the Daguangming ferry, which carried about 50,000 people a day—disappeared when the Daguangming bridge was opened. The new bridge is the largest to span the Haihe River, 440 metres long and 30 metres wide. It took 11 months to build.

Now the urban area of Tianjin averages one bridge per kilometre of river, and there are dozens beyond.

Daguangming bridge is another of the five new views in Tianjin. To stroll along the Haihe River between the square with fountain and the Daguangming bridge seemed a walk into the future as well as an old homecoming.

Remembering the Shacks

The terrible earthquake which shook Tangshan in 1976 destroyed, to varying degrees, 80 per cent of the homes in Tianjin. Although the state began emergency plans to build new housing, many people had to move into shacks sprawling along the river, and even on the main streets.

These shelters, just a wooden frame enclosed by bamboo mats, are called *linjian* in Chinese. They became familiar to everyone in the city, including my family. Their shack squatted on an old soccer field. After visiting them a few times I came to understand how low, dark and damp these shelters were.

In 1981 nearly 30,000 families were still living in these shacks



Evening view of Haihe Park.

along the river. The scene struck residents and visitors alike as depressing and poor. The shacks also grabbed the attention of the foreign press, and many journalists doubted that they would be removed any time soon.

But the people living in them remained confident. A retired pharmacist told me, "The shack no longer seems makeshift now that five years have passed. Seldom does a person have the experience in a shack that I have had; I became a father-in-law, and then a grandfather. My little grandson missed the earthquake, but it's a shame he had to share the after-effects with us."

"Anyway, I firmly believe the people's government won't forget us. It's just a matter of time. My experience over the past five years tells me that big changes don't come quickly. But things will change for the better, and the speedy construction going on now will soon fulfil our dream."

With the support of the central government, the Tianjin authorities announced at the beginning of 1981 that they would eliminate all

the shacks within the year. Excitement grew as a series of measures designed to increase construction efficiency were implemented. The scale of construction expanded at pace with the speed, and by the end of the year 3.1 million square metres of housing had been built.

When the last shacks were removed, laughter spilled from the doorways of every new home. Memories of dark, damp shelters were quickly replaced by delight over the bright, modern housing.

Tianjin has continued its housing construction plans since 1981. About 3 million square metres of housing have been built each year. By 1983 the average floor space each person had far exceeded the figure before the earthquake. Ten new residential areas have appeared on the outskirts of the city, accommodating nearly 50,000 people. Repairs on old buildings and roads have also been stepped up.

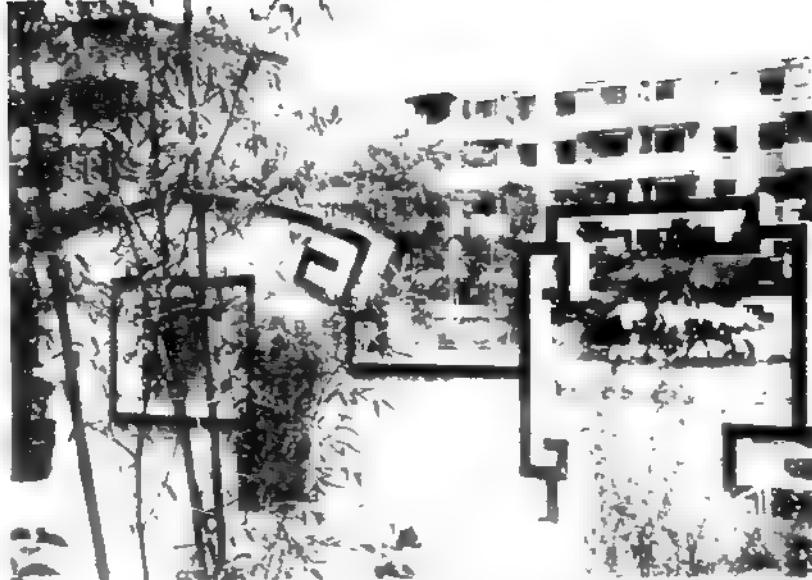
Bright Faces

Today, when I walk through Haihe Park, the happy faces of the Tianjin people surround me.

Squinting, I try to recall the area when it was covered with makeshift shacks. But the beautiful park pushes out all those old memories.

Although Haize Park can never be compared with the famous gardens at home and abroad, and although the effects of its trees and plants will not be fully enjoyed for another two to three years, it is so precious to all the people of Tianjin, including me. It has changed the look of the Haihe River, long the symbol of the city. The 7.8 million people living in Tianjin are again proud to call themselves the children of the Haihe River.

The year 1983 was one full of blessings for Tianjin. To toast the five new views, the people had sweet water for the first time in years. For years Tianjin's people had the taste of bitter, salty water



New courtyard-style houses built in 1983.

in their mouths because the city lacked adequate fresh water supplies. But last year a massive water diversion project opened, bringing the fresh water of the Luanhe River to the city (see *Beijing Review* No. 39, 1983 for a

detailed report — Ed.)

The sweet water and the newly beautified river flow through the hearts of the people of Tianjin. They are full of confidence in the future. Their hopes are high, but not unreachable. □

(Continued from p. 20.)

prices have been raised considerably, especially since 1979. The increases in rural retail prices of industrial goods, however, have been very small.

In 1983, the purchasing price index of farm and sideline products was 221 per cent higher than in 1950, yet the rural retail price index of industrial goods rose by only 14.8 per cent. That means a peasant selling the same quantity of farm produce got almost three times as many industrial goods in return in 1983 as in 1950.

While the retail prices of food-stuffs in 1983 were more than twice as high as in 1950, rises in the nation's retail price index of grain, edible oil, cloth, coal and other daily necessities were quite small. The retail prices of terylene cotton fabrics, TV sets, cassette tape recorders, radios, electric fans,

wristwatches and Western medicines had actually gone down.

The 1983 total retail price index was 55.6 per cent higher than that of 1950, and the cost of living index for urban workers and staff members went up by 69.1 per cent, with the annual increase in the intervening years averaging 1.6 per cent, as against 3.1 per cent in the last five years.

Stable prices have brought in their wake a stable livelihood for the people. New China is a far cry from the old society, where the price kept rising endlessly and from the capitalist countries as well, where ever-rising prices are the rule. This speaks eloquently for the advantages of China's socialist system.

The Chinese market nowadays is bustling with activity, thanks to rapid industrial and agricultural development and the ever-growing

incomes of the Chinese people all over the country.

The total volume of retail sales in 1983 reached 284.9 billion yuan, more than a 10-fold increase over the 27.7 billion yuan in 1952. The average annual increase during this period was 7.8 per cent, but the figure for the last five years was 12.8 per cent.

In 1983, the nation purchased 126.5 billion yuan worth of farm and sideline products, almost 9 times the 1952 figure of 14.1 billion yuan. The retail sales of major commodities and the quantity of farm and sideline products purchased both grew considerably.

Urban and rural fairs are booming. In 1983, there were 48,000 fairs; they did 38.6 billion yuan worth of business, 3.1 times that of 1978.

(To be continued.)

Song of the Chinese Revolution

Across a darkened misty lake, lights appear, gradually moving together until they take the shape of a pleasure boat. A fishing girl looks towards the boat, where the inaugural meeting of the Chinese Communist Party is being held. A look of hope crosses her face and she begins to sing with deep feeling. Dawn breaks and the boat hoists a giant sail and begins to move. The Chinese revolution is sailing forward.

This symbolic beginning of the revolution is a scene from the epic *Song of the Chinese Revolution*. Combining dance, music and a series of dramatic scenes, the production depicts the more than a century history of the Chinese people making revolution and reconstructing their socialist country. With a cast and supporting crew of 1,000, the epic is magnificent.

In two and a half hours, *Song of the Chinese Revolution* depicts almost all the major political events of the revolution on stage: the 1919 Beijing student demon-

stration against the traitorous government, which marked the beginning of the New-Democratic revolution in China; the inaugural meeting of the Chinese Communist Party in 1921; the counter-revolutionary coup launched by Chiang Kai-shek in 1927 and the uprising led by the Communist Party of China the same year which established the people's army; the joining of the forces led by Mao Zedong and Zhu De and the establishment of the first revolutionary base area: the famous Long March of the Red Army beginning in 1934; the Seventh Congress of the Chinese Communist Party held before the victory of the War of Resistance Against Japan in 1945; and the downfall of the Kuomintang government and the founding of New China in Beijing in 1949. The epic also includes the turmoil of the "cultural revolution" between 1966 and 1976 and the Third Plenary Session of the 11th Party Central Committee in 1978, which set things right and put China on the path to modernization.

Images of Chinese leaders such as Mao Zedong, Liu Shaoqi and Zhu De are part of the *Song*.

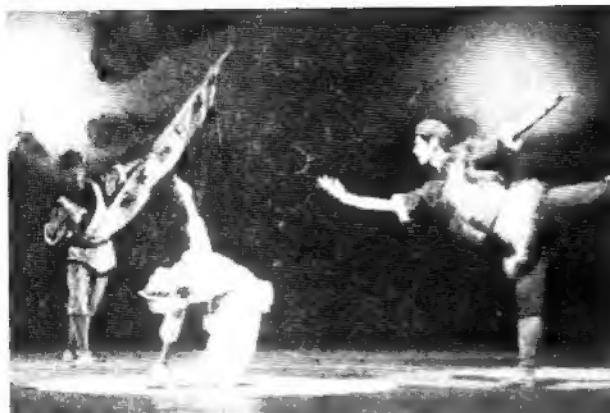
Qiao Yu, one of the directors said the artists made great efforts to tell the extraordinary story in an artistic way. In depicting the setbacks and sacrifices of the early revolution in 1927, the artists considered many images, but settled on one: In a dark jail, a woman covered with cuts and bruises kisses her new-born baby as she hugs it to her bosom. She sings a final song of farewell, "Mummy is leaving, but a new world is coming."

To fill the music and dance with the flavour of life and the characteristics of the time, the artists spent several months working and living among people at the grass-roots level and talking to people who lived through the events so they could understand and experience the feelings.

Song of the Chinese Revolution also makes use of the folk song and dance styles of various na-

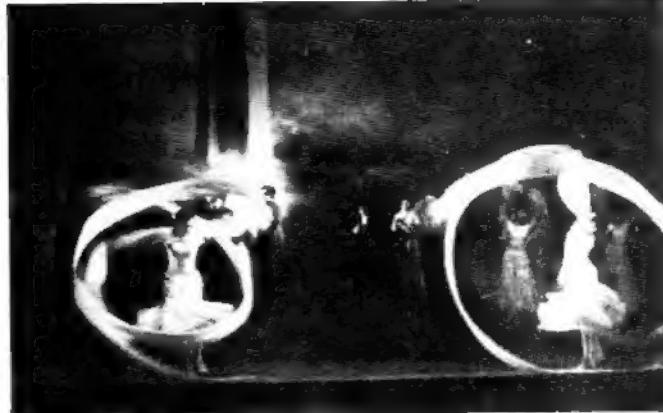
Left: Celebrating the birth of the Chinese Communist Party.
Right: Singing to her baby, a revolutionary mother prepares to go to her death heroically.





Left: The Chinese Workers' and Peasants' Red Army on the Long March.

Right: Mourning the loss of Mao Zedong, Zhou Enlai and Zhu De before the Monument to the People's Heroes.



tionalities of China. "Lantern Fair" shows the people in Hubei Province celebrating the victory of the revolutionary army in driving out the feudal warlords. Carrying decorative lanterns — some resembling clouds, flowers, carps, and others with five stars, axes, and sickles symbolizing revolution — dancers perform the traditional local lantern dances. The *yangge* and the waist drum dances, which are popular among the people in northern Shanxi where the revolutionary headquarters were set in the 1930s and 40s, are used to show the people there celebrating the opening of the Party congress.

"Dances of Various Nationalities," a major scene in the epic,

represents the whole country cheering the founding of New China. Dancers from all the 56 nationalities perform in solo and group dances, displaying their unique artistry.

Most of the soloists in the show are young performers coming to the fore in recent years. To take part in such an extravaganza certainly boosts their careers.

Guan Mucun, 31, a popular mezzosoprano sings "Mummy Is Leaving." She expresses the hopes of a revolutionary mother. Peng Liyuan, only 21, is a student of Guo Lanying, a famous Chinese folk singer. She sings with full folk flavour. Liang Ning and Fu Haijing, prize winners at interna-

tional singing competitions, and other young vocalists also play parts in the epic.

The dancers are also among the best young talents in the country. Wang Xia, 23, who once won two first prizes in a national dance competition, leads the "White Flower Dance," which tells the story of how a woman upheld truth in defiance of power during the "cultural revolution." Ba Tu, also a national prize winner, performs a Mongolian dance. With his high leaps and rapid spins, his performance represents the strong and brave character of the Mongolians.

Twenty years ago, China unveiled its first large song and dance epic, *The East Is Red*, which describes how the Chinese people, led by the Communist Party of China headed by Mao Zedong, won the victory of the New-Democratic revolution and founded New China. *Song of the Chinese Revolution* covers an even larger historical span.

Speaking of the significance of the production, Zhou Weizhi, Vice-Minister of Culture, said that the epic will not only educate young people about history, but will also arouse the enthusiasm of the elderly for today's revolutionary cause through reviewing their past experiences.

— Gong Yuan

Workers on the construction site of the Gezhouba Dam on the Changjiang River.





Celebrating National Day

These two papercuts were made by folk artists in northern China. Unrefined and bold, the works strongly reflect rural life and the traditional arts.

"Long Live China," by Shen Pei-nong of Beijing, are blooming peonies, which symbolize riches, strength and prosperity.

"The Dragon Lantern Dance," by Zhao Chongyu of Huangling County, Shaanxi, shows a jubilant festival celebration.



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